

THE CHINA WEEKLY
REVIEW

*Devoted to the Economic, Political and Social Development of China and its
Intercourse with Other Nations*

Viscount Willingdon on Racial Equality

A Comparison of American and Chinese
Economic Development

By Julean Arnold

After The Seige Of Peking

By Charles Dailey

The British vs. The Chinese Newspaper
Editors

"Outlanders in Our Own Land"

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SATURDAY, MAY 15, 1926

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Registered at the Chinese Post Office as a Newspaper
for transmission with special marks privileges in China

VOLUME XXXVI

SHANGHAI, CHINA, SATURDAY, MAY 15, 1926

NUMBER 11

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

PUBLISHED AT NO. 4 AVENUE EDWARD VII, SHANGHAI
CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED
BY THE LAWS OF THE STATE OF DELAWARE, UNITED STATES
OF AMERICA.

J. B. POWELL, Editor and Publisher

N. J. ULBRIGHT, Assistant Editor and Business Manager

LIZEN SCHENG, Assistant Advertising Manager

CONTRIBUTING EDITORS

HOLLINGTON K. TONG, H. F. MACNAIR,
HIN WONG, (Canton) PETER S. JOWE, (Hankow)
CHAS. A. DAILEY (Peking) PEI-YU CHIEN,
H. P. SHASTRI

YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TEN DOLLARS
(CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN
CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN
COUNTRIES SEVEN DOLLARS AND FIFTY CENTS U. S.
CURRENCY. PERMITTANCE FROM OTHER COUNTRIES THAN
CHINA AND THE U. S. CAN BE MADE BY INTERNATIONAL
MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE
CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

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ADVERTISING IN CHINA SHOULD BE ADDRESSED TO THE
CHINA WEEKLY REVIEW AT 4 AVENUE EDWARD VII, SHANG-
HAI, CHINA. TELEPHONE CENTRAL 4741. CABLE ADDRESS
"REVIEWING SHANGHAI."

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PACIFIC COAST OFFICES (World Wide News Association)

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VISCOUNT WILLINGDON ON RACIAL EQUALITY

WITH pleasure and approval the *Review* directs the attention of its readers to the distinguished address on racial equality delivered by Lord Willingdon, Chairman of the British China Indemnity Commission at a banquet tendered the members of that Commission by the Union Club on Tuesday evening, April 27. No subject is being more widely discussed at present in both East and West—and especially in China—than that so ably handled by this English gentleman. Back of all the relations between China and the West since the dawn of the nineteenth century has been the question of racial equality. Rousseau and his school of thought did much in France in the eighteenth century to stir the minds of the Europeans to a consideration of racial and equalitarian topics. The writers of the epoch-making documents in the early history of the United States did likewise. In the Declaration of Independence we find the expression of the equalitarian idea: "We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness." Having been tried out in the new world these ideas were carried back to the old, and in the French Revolution we find the equalitarian idea playing a great part. To be sure the equalitarian ideas of the French Revolution had largely to do with equality from a social rather than a racial point of view; In Europe the "common people" were determined to reach equality and overturn social institutions and privileges which had been based on a feudal system which itself had worn out. But in no long time the idea developed that a principle which applied in inter-class relations must apply no less in inter-racial relations. Regrettable it is to admit, but truth compels us to say, that the Europeans were slow to apply the equalitarian idea in dealing with peoples whom they conquered, but they were determined that at least they themselves should be treated as the equals of the peoples with whom they came into contact.

MORE than once has it been pointed out that the wars between China, and England and France in the course of the nineteenth century were caused by the determination of the Chinese and Manchus not to accept the Westerners as their legal or social equals. That this was so was shown clearly in a variety of ways, among others by the tone of the Chinese documents in which reference to the "outer barbarians" were made, by the

fact that the names and titles of foreign rulers were placed lower than those of the rulers of China, in such documents and by the requirement that foreign ambassadors to the Court of Peking should perform the kotow and be treated on the same plane as tribute-bearers from dependent states.

IN the modern period interestingly enough the Chinese claim that foreigners do not treat them as their legal and social equals, and to far greater degree than should be the case this is true. Such rules as those preventing Chinese as Chinese from becoming members of Clubs in the treaty ports of China, or preventing Chinese as Chinese from entrance into the parks of Shanghai show clearly that the Chinese have just grounds for grievance—and the main difference in the relations between China and the West in the early years of the nineteenth and twentieth centuries is that in the earlier period the Chinese had the upper hand while in the later period the Westerners have had the upper hand. But each side is extremely slow to study and apply the lessons of history so that the causes of friction between East and West can be permanently removed.

THE ideas set forth by Lord Willingdon on racial equality are worthy of careful study and discussion not alone on account of the suave and charming manner in which they were enunciated, at a time they are badly needed, but because *they are in line with the most modern scientific thought*. In the first place anthropologists of the present day—consult, for example, the distinguished Russian anthropologist, Dr. S. M. Shirokogoroff, now a resident of Shanghai, who has made exhaustive studies of the Chinese “race”—hesitate even to use the term *race* since they find it misleading. In a lecture given recently before the Shanghai Branch of the Royal Asiatic Society, Dr. Shirokogoroff carefully avoiding speaking either of the “Mongolian race” (about which as youngsters we used to hear so much) or of the “Chinese race,” dividing the Chinese rather into five types. Thus it behooves the layman to use the term *race* with extreme care and to mind his P’s and Q’s when talking about racial superiority, inferiority, or equality.

THIS is not, however, to insinuate that there was anything loose or inaccurate in the remarks of Lord Willingdon; as indicated earlier, what he said was directly in line with modern scientific thinking and experiment. He stated his firm belief that there is no such thing as absolute superiority of one people over another. He would have done well to have commented on the harm done in relations between nations by the type of writing of Houston Stewart Chamberlain and Lothrop Stoddard who hold to the superiority of the “Teutonic” and “Nordic” “races” respectively and who are always beating the drums of racial superiority. According to the speaker one group of people have superiority along certain lines while another group may be back of the first along those but far ahead along other lines. This applies clearly in the case of individuals but equally, if not so obviously, among groups of peoples. Lord Willingdon was quite in line with the eminent Austrian anthropologist, Boas, of Columbia University, when he remarked: “I believe that a gracious and kindly Providence has granted to each of us superior

qualities in our respective lines over one another. But I also feel that those qualities were meant to balance and that we were meant to cooperate with one another in order keep the balance true. There is no essential superiority in a man's color, white or black, brown or yellow: it is not the color of a man which makes his superiority but the quality of the individual.”

IF in Shanghai and throughout the East we could have had during the past hundred years more of the Christian and Scientific spirit of men like Lord Willingdon and the anthropologist Boas, and less of the pseudo-scientific and egotistical points of view typified by Chamberlain and Stoddard there would have been altogether different relations between the East and the West. There is no good at this late day in the pot calling the kettle black: East and West are mutually blameworthy for the state of affairs which leads to international “incidents” such as that of May 30, 1925. A Pharisaical “more righteous than thou” attitude will do nothing to bring about happy and just international relations. Policies based on belief in essential and absolute “racial superiority” always have and always will lead to friction, hatred, and war. Policies based on Truth—which embraces Christianity and Science—as enunciated in Lord Willingdon’s address cannot fail to result in mutually satisfactory relations between East and West.

“OUTLANDERS IN OUR OWN LAND”

UNDER the above caption *The Far Eastern Times* of Thursday, April 22, a newspaper which was “run out” of Peking a few months ago by Marshal Tuan’s government and which, now published in Tientsin, is devoted to the increasing power of Marshals Chang Tso-lin and Wu Pei-fu, discusses editorially the question of Chinese representation on the Shanghai Municipal Council. Disclaiming all desire to stir up feeling on the part of its readers regarding this important matter, the *Far Eastern Times* proceeds to attempt to draw a parallel between the position of the English “outlanders” in the Transvaal before the Boer war and the position of the Chinese in Shanghai at the present day—except that it attempts to show, of course, that the English had no business to make claims in the Transvaal (which may or may not have been the case—that not being the subject in which we are mainly interested) while the Chinese have every right to make claims for representation in Shanghai, and a majority representation at that! In Shanghai, says the *Times* editorialist, “it is the foreigners excluding the natives who are still by law the *sovereigns of the land*...Practically, we should accept the concession of three places in the Council as a basis for negotiation. *If the number is not increased, the concession should be refused, for three members in a Council of twelve can do nothing.* The concession, if not enlarged, is a farce and a snare...The right to proportional representation cannot be denied on legal and moral grounds...If a larger concession is made—large enough to enable Chinese members on the Council to have real power it should therefore be accepted, with the important reservation that the question of proportional representation remains for future settlement...” (Our italics)

THE point of view set forth here is held apparently by so many, and at the same time is so full of fallacies of thought and expression that it is worth while spending a few minutes in a consideration of the theory involved in Chinese representation on the Shanghai Council. In the first place what is the exact origin of the International Settlement of Shanghai? The answer is short if not sweet,—it is the treaty of Nanking which was signed on August 29, 1842, by accredited representatives of China and England as a result of the first Anglo-Chinese War. Article II of that very important treaty reads in part as follows: "His Majesty the Emperor of China agrees that British Subjects, with their families and establishments, shall be allowed to reside, for the purpose of carrying on their Mercantile pursuits, without molestation or restraint at the Cities and Towns of Canton, Amoy, Foochow-fu, Ningpo, and Shanghai..." Here we have in a nutshell the legal origin of the modern international Settlement. Whether the treaty meant *at* or *in* i. e. outside but near the walled cities mentioned or actually *inside* the walled cities is not clear. The English claimed the latter, the Chinese at Canton claimed the former; the result was the rise of the irritating "Canton city-question" so-called which did much to bring about the second Anglo-Chinese war which broke out in 1856. Fortunately this matter never became of significance in this area; the city authorities of the comparatively insignificant *hien* city of Shanghai were willing to permit the English to reside within the walled city if they so desired. There being no reason of "face" or prestige involved, and the Chinese being willing to rent land to the foreigners outside Shanghai in the open country to the north of the walled city, the foreigners decided to live *at* but not *in* Shanghai and to build a trading center of their own where they would be freer and more comfortable than they could possibly be within the crowded native city.

HOW the first land was obtained on which the great international city of Shanghai has grown is to be found in volume one of Dr. H. B. Morse's *International Relations of the Chinese Empire*: "He (the British Consul, Captain George Balfour) first rented ground, with an area of 23 acres, for a consulate, the site of the present British consulate being included therein; and by an agreement between himself and the Taotai, signed November 29, 1845, the land bounded on the north by the Soochow Creek, on the south by the Yangkingpang, and on the east by the harbor (the Hwangpu river), while the western boundary was not determined, was set aside as the area within which British subjects were permitted to acquire land by individual agreement with the Chinese owners. By an agreement dated September 24, 1846, the western boundary was put at the 'Barrier Road' (the present Honan Road), enclosing an area of about 180 acres; and, by a later agreement made by the succeeding consul, Mr. Rutherford Alcock, November 27, 1848, it was carried to the Defence Creek, thus increasing the area to 470 acres, the addition being intended primarily for purposes of recreation." In 1845, "the first land regulations were agreed to between the Taotai and the British Consul, under which certain defined powers were granted to the foreign residents, by the officials representing respectively the national authority over the soil and the extraterritorial authority over the contributor."

SO much then for the beginnings of Shanghai. And what do they show? First of all, it is quite clear that the land which constituted the kernel of the International Settlement of Shanghai was *rented* to foreigners by the proper Chinese official not under compulsion of any kind but freely and with good will. Secondly, it is clear that this land was supposed to be used *solely by foreigners* and those connected with their "establishments" and not by Chinese in general; if there had been any doubt felt on this point it was cleared up by the provisions in the first land regulations forbidding "native inhabitants" to sell or rent land or houses to other Chinese, and forbidding foreigners to build "houses for renting to, or for the use of Chinese,"—regulations which were not changed, as we remarked recently, until 1854, at the behest largely of United States Commissioner Humphrey Marshall.

IF Shanghai was intended to be used only by foreigners it "follows as the night to day" that the Chinese who later moved into the Settlement for protection against brigands, soldiers, and officials of their own race, although permitted to live on territory rented to their foreign hosts, have no legal or moral *right* to participate in the government of Shanghai. Let us make this point quite clear if that be possible: no foreigner claims for a moment that China has lost her sovereignty over the territory in which Shanghai is included; China is sovereign of the land on which Shanghai is built, but to speak, as does the editor of the *Far Eastern Times* quoted above, of "the natives who are still by law the sovereigns of the land" is not a little absurd, and betrays gross ignorance of the terms "sovereign" and "sovereignty". As things stand at present it is not the Chinese people in Shanghai who are the hosts but rather the foreigners in this city who are the hosts of the Chinese since the land is leased from China. When, for example, a man rents a house to another, the son of the owner has *no right* to occupy that house and to claim a voice in the management of the house. If he lives in the house after his father has rented it he does so by the free consent of the renter of the house—not by that of the owner even though the owner be his father. The Chinese in Shanghai have *no right* to participate in the government of the city merely on the ground that China's sovereignty over the area continues to be recognized.

NOR, on the ground that the Chinese pay a considerable portion of the taxes in the city, have they a *right* to take part in the government. "Taxation without representation is tyranny" is a cry which has often been quoted during the last year or two in Shanghai, and reference to the relations existing between the English and the Americans at the time the cry was so popular in America has often been made by some Americans and many Chinese, as if there were a parallel! There is no parallel: in America prior to 1776 the people were subjects or citizens of the British empire to which they were contributing large sums in taxes; in Shanghai, on the contrary, the Chinese who pay taxes are in the position rather of guests who pay for the privilege of protection of life and property. There are, for instance, many non-citizens of the United States who live in that country and pay taxes to the government, but they would never dream of demanding *as a right* participation in the government without becoming citizens of the land, and if they did they would be laughed at for their naivete.

THIS is *not* to insinuate that the *Review* lacks sympathy with the idea of Chinese representation on the Municipal Council—quite the opposite is the case. We shall heartily welcome the addition of Chinese Councillors. But the Ratepayers who voted in favor of this idea were doing so not because they considered that the Chinese as such have a *right* but because in the interest of friendly international relations they wish a *privilege* granted those whom they deem worthy of the privilege. We fail to see in what way the concession of membership of three Chinese councillors to the governing body of Shanghai is a "farce and a snare", and we deplore the extremely loose thinking which leads an editorial writer to argue that "if the number is not increased, the concession should be refused." There is altogether too much loose thinking by both foreigners and Chinese about most of the problems which face China at the present day and about none has there been more than concerning the one under discussion. Three members on the Council will be fully able to present the viewpoint of the Chinese on matters which concern them; justice can be obtained and good government and the interests of the many elements which make up this great trade and cultural center can be defended and maintained. To argue that three Chinese on the Council would be powerless is to maintain that justice depends on numbers and might, and not on a spirit of fairplay for all. Incidentally it is to indicate clearly to the foreigner that when, if ever, the Chinese *do* obtain a majority on the Shanghai Municipal Council there will be no chance for justice to the foreigners! Americans and Germans and Spanish and Italians and Japanese pay very considerable sums in taxation to the Shanghai city government and have tremendous business interests in this city but we have never heard them demand numerous representation or complain because they lack it that their national or business interests are sacrificed. It is quite true that proportional representation is in itself a good thing but, as we said in an earlier discussion of this matter, many good modern theories of government break down when sprung fully grown upon a backward country. It is too often forgotten that the theories and types of government which work so well in a particular country do so because they are the product of the genius of the people who have worked them out over a long period at the cost of many mistakes which are forgotten when the systems themselves are perfected. Proportional representation when applied on a party basis may (or may not) be an excellent thing, but when tried out on a racial or national or financial basis in a city situated as peculiarly as is the case with Shanghai, it is likely that it might leave much to be desired. The situation in this city is absolutely unique; the problems are infinitely complicated; to attempt doctrinaire methods is to court hardship and ruin for Chinese as well as foreigners. The only thing under the circumstances is for all parties or groups to treat each other fairly—and make haste slowly.

A farewell party was given April 24 at Paotingfu to several persons who are leaving shortly for America and Australia. Those who plan a visit to America include Rev. and Mrs. A. M. Cunningham, Miss Florence Logan and Miss Laura Richards of the Presbyterian Mission; Rev. and Mrs. Elmer W. Galt and three children, American Board Mission; Rev. and Mrs. Francis M. Price of the American Board Mission will also leave before long for America but do not intend to return.

After the Siege of Peking

BY CHARLES DAILEY

NUMEROUS readers of *The Review* who follow political articles with more or less interest have written asking why there have been no recent letters from Peking regarding the situation. The reason can be given in a simple answer. What with the paralyzed condition of the railways in China, with three weeks often required for a letter to reach Shanghai and a reply delivered in Peking, everything is out of date by the time it can reach a reading public. In fact, it is a good deal like the case of the timber-cutter in the Canadian woods, who was sorely troubled by a flea and growled a great deal about his discomfort. When asked why he did not go after the flea and dispatch it he retorted that he often had tried but the blanky-blank flea would not stay put.

The political situation in North China, coupled as it always is with the military, is exactly like the Canadian's flea in that when one tries to pounce upon it where it seems to be it has in that short interval shifted to another location. When whole regiments and even divisions can change their uniforms over night, what chance has a writer for a weekly publication to keep up with the changes?

But with the ending of the siege of Peking by the collapse of the Kuominchun front on April 15 another phase has been reached in the fifteen years' effort of China to find herself as a republic. This phase is in itself unimportant and soon will pass as a mere incident, although the political clock was turned back exactly six years in a single night. Although the situation may change to-morrow, April 15 at least marks a turning point.

Let us pause for a moment and take stock before the scene changes. The net results of all that has happened since the misguided effort of the Kuominchun under the personal leadership of the Christian Marshal Feng Yu-Hsiang to hold Tientsin as a pawn in the Autumn of 1925 are simply these:

1—The actual elimination of Feng Yu-Hsiang as an important political factor and the probable loss to Wu Pei-fu, or an ally favorable to him, of most of the Christian army and all of the rag-tag and bobtail gathered together to bolster it up.

2—The return to military power of Wu Pei-fu and a further demonstration of his failure as a politician.

3—A definite check to Bolshevik encroachment in China, although much is yet to be heard from the misguided students whose adolescent enthusiasm has been purchased with Soviet silver.

4—An indefinite delay of the time when the treaty powers can keep their promise—a promise freely and earnestly made—to relinquish Consular jurisdiction over their nationals, usually expressed in that tongue-twisting word extraterritoriality.

The dramatic collapse of the revived Anfu Club, as personified in the persons of Marshal Tuan Chi-jui as Provisional Chief Executive, General Wu Ping-hsiang as Chief of Police in Peking, the Premier and other members of the Anfu-Kuominchun Cabinet that took flight after the entry of the victorious forces into Peking, leaving China utterly without a government except that of the military commanders and with a Committee of Safety trying to preserve order in Peking until the victors could agree upon what sort of a government should be set up.

Probably most significant, aside from the definite campaign against a Bolshevized China, was the warning to Japan through the collapse of the Anfu Club that Japan also must keep her hands off China. It was the Anfu Club that accepted from Japan—at a time when all the rest of the world had its eyes turned upon the cataclysm in Europe,—the infamous Twenty-one Demands; that accepted the Nishihara loans now causing one of China's serious economic problems in reaching an agreement in the Customs Conference; it was Marshal Tuan only last September who put the seal of validity upon these loans by the issuance of Treasury notes to the value of 78,000,000 yen to capitalize the defaulted interest, thus adding to the principal and making the total obligation something like \$200,000,000; it was the Anfu Club that seemingly had won Chang Tso-lin into its ranks and in return received the open support of Japanese troops and other influences in the fighting of last Autumn, of which the present armed state in North China is but a continuation. And side by side with the recrudescence of the Anfu Club the government of Japan has taken over from the bankers as a state obligation the entire Nishihara loan.

In the present state of China's affairs we find the Bolshevik-subsidized students of the bankrupt universities demanding the trial of Tuan Chi-jui as the man responsible for the shooting down of the students in the court of the Cabinet Office on March 18, and we also find that the remnant of the old Chihli party, as personified in the military field by Wu Pei-fu, is warring against the Acfus, but also against Bolshevik Russia and the Kuominchun. Out of the present movement Wu Pei-fu has obtained the removal of the technical shackles from the wrist of his patron, Tsao Kun, who while he never may resume the Presidency has become a factor in the political game.

And the bankers, the Chambers of Commerce and the other sinews of the real China—the Elder Statesmen as the phrase now coming into use describes them—where and how do they fit into the scheme of things except as the short-lived Committee on public Safety in Peking during the state of non-government? The men these statesmen represent, through the increase in the Maritime Customs, through additional loans and levies that must be made, must furnish the money that China needs at this time, no small part of which is to secure the obligations of a domestic nature that these same men hold.

China's Next President?

How China is to begin her reconstruction is difficult to forecast. It is hardly likely to be through the restoration of Tsao Kun—the last elected President of China, whether by fair means or foul. He is at least no longer a prisoner. When asked by a friend of many years standing immediately after his freedom—although he still remains in the palace where he was kept a prisoner for eighteen months—if he would return to the Presidency he replied that his action in this regard would be guided by the wishes and advice of his friends. It is reported that Wu Pei-fu has expressed the view that he be permitted to resign the office. It is believed that Marshal Wu has advised him to remain passive, as by so doing it makes it more difficult for any other leader to arise until the situation has become somewhat clearer. It is well known that Tsao Kun has no personal wish to resume the Presidency.

Meantime the Customs Conference is at a standstill. Only one of the Chinese delegates remains in Peking—Dr. W. W. Yen—whose time is fully occupied as a member of Safety Committee, and who may be intrusted with the duty of forming a government to function until something can be set up to take its place. A temporary Cabinet may indeed be formed before this can appear in print, but it will be dominated by the successful military.

Dr. Cheng-ting Wang, one of the Customs delegates, who for some time has been a refugee in the French concession in Tientsin, has lost standing among the treaty-power delegates through his statement in the *North China Star* recently to the effect that the foreign delegates were "fooling about, waiting to see what would come out of the political situation" and expressing a willingness to return to Peking and resume his participation "whenever the foreign delegates are ready to stop stalling and to talk business." It is needless to dwell upon the disgust of the foreign delegates at such a statement. A far better expression has come in a public letter from Admiral Tsai Ting-Kan, who in his disgust has resigned as a delegate to the Conference. In his letter, he wrote in part:

"Many of the Chinese Tariff Commissioners are scattered and are in hiding. Tariff autonomy for China has been the ardent wish of the Chinese people and the foreign delegates have been waiting patiently to solve the problem we have set before them by invitation. Why is the work interrupted? Why are the Chinese officials, high and low, forced to hide in foreign Concessions and Legation Quarters? At this very moment foreign delegates on the abolition of extraterritoriality are within our midst. The Chinese are crying loudly against extraterritoriality, but the Chinese do not disdain to take advantage of it in a political crisis. The foreigners are laughing over our comic opera."

Not only did the Provisional Executive, Tuan Chi-jui take refuge in the Legation Quarter prior to his flight to the Japanese Concession in Tientsin, where he maintains a home, but General Chia, concurrently Premier and Minister of War, several other members of the Cabinet and three former Ministers of Finance also took refuge in the Legation Quarter. Even the Chief Secretary of the Cabinet and a hundred or more vice ministers, secretaries and bureau chiefs also sought the protection of foreign flags.

Dr. Wang as the Foreign Minister and delegate to the conferences also was China's chief delegate for the negotiation of the permanent Sino-Russian treaty. This also has come to a standstill, due partly to his flight, but also to the opposition of Chang Tso-lin and Wu Pei-fu to Ambassador Karakhan's participation in China's politics and the charge

of his corruption of the students and the aiding of the Kuominchun, a chapter that is just opening.

When, about mid-April, the Judicial Commission was about ready to start on the provincial tour to investigate various Chinese court systems and inspect some of the so-called modern prisons the Chinese members of the Commission found it necessary to ask an indefinite postponement. Passage had been reserved on a steamship from Tientsin to Shanghai, where it was proposed to make the first investigation, in the hope of getting started there some form of Sino-foreign administration of the International Settlement in order to relieve the strained feeling that had existed since the shooting of the student demonstrators in May, 1925. Owing to the utter absence of train service due to the military operations and the siege of Peking by the Manchurian-Chihli-Shantung armies and the firing on of motor-cars—even the mail truck being barred for five days—the Chinese suggested a change in the route, with a visit first to Hankow and thence down the Yangtze to Shanghai, but two days before the date set it was found impossible to travel on the Peking-Hankow railway.

Silas H. Strawn, the American member, and practically all the other foreigners on the commission, although publicly refraining from comment, privately admitted that it would be worse than useless to attempt such a journey at a time when the Chinese who had been clamoring so loudly for the immediate abandonment of extraterritoriality were refuted in the Legation Quarter of Peking and in the foreign concessions of Tientsin.

By the flight of Dr. Wang, after his ejection from the office of Foreign Minister the Customs Conference also was at a standstill. It was Dr. Wang, then refuted in the French Concession in Tientsin, who at his last interview with the foreign press correspondents had said: "What China expects and demands of the foreign delegates now sitting in Peking is not merely an inquiry and report on the question of extraterritoriality but some forward step." Dr. Wang made a distinctly unfavorable impression upon the foreign delegates when, with these words barely out of his mouth, he sought the sanctity of the very concessions provided by the treaties whose revocation he demanded.

The Fugitive Officers

This led one of the leading members of the foreign delegation, one given to plain speaking at all times, to remark to me: "China first must have a government and not a bunch of fugitives with almost every new moon. Only one of the Customs Conference delegates appointed by the Chinese remains in Peking; the Provisional Chief Executive, the Premier and several members of the Cabinet are refuted in the Legation Quarter, seeking the protection of the foreign troops forming the Legation Guard under the Boxer Protocol of 1901, the revocation of which is sought on the quieter days when they are in office. Every leading politician, nearly every leading general, has his funk-hole in one of the foreign concessions. We would like to take a forward step for China, but her own politicians and generals openly give expression of their desire that extraterritoriality be continued."

"The Republic of China is now fourteen and a half years old. In that time there have been forty-one Cabinets, an average life of four and a half months. Does that record justify any sane body of men in taking a 'forward step' even if the terms of the resolution authorizing our appointment had not denied us any other power than an inquiry and report, which inquiry we are determined to make, though many of us remain here in China at great sacrifice to our business and professional interests in our respective homes?"

"It seems to me that the government of China depends upon the gastronomic condition of the Executive and the caprice of the militarists. China is to-day without a President, without a Cabinet, without a Constitution and without a published code of laws. A code has been drafted, it is true, but it never has been promulgated. What protection, therefore, would there be for foreigners if there is none for the Chinese? There are courts, but there are no judges because there is no provision for their pay. How is it possible for any body of men—foreign or Chinese—to take a 'forward step'?"

"There is, however, one way in which a 'forward step' can be taken, but I doubt sincerely that any foreign government would give assent to the procedure at this time. The code of laws drafted by Dr. Wang Chung-hui but never put into effect seems to be fair on the whole if it could be administered by honest and competent courts. I would be personally willing, purely as an experiment, to let the Consuls of the different countries try the cases coming before them under this code instead of the code of their particular country. But certainly removal of Consular jurisdiction cannot be waived until the treaty is superceded."

This expression of willingness to go ahead in spite of the failure of China to put her house in order is an evidence of the desire of the foreigners to meet the wishes of the people, but of course there could be nothing beyond an experiment until some leader arises in China whose voice can carry beyond the walls of Peking. One wishes there were to be found somewhere a hopeful sign, but there is none. The Kuominchun as a party has been discredited through the Bolshevized students; Chang Tso-lin is suffering from the indictment that he is under the influence of Japan; Wu Peifu is again emerging as a militarist, but it is open talk that he is financed by Chang Tso-lin for the common warfare against the Kuominchun, and this accomplished they would fall apart, for their ideas of how China should be governed are as widely separated as the poles.

Indeed, as stated at the outset, the situation has gone back six years, but will this difference: China is perhaps six times more impoverished, the creditor powers are six times more tolerant and patient and the students six times more noisy and lacking in political theories. China has more than 2,000,000 men in arms; her railways are in a state of ruin and many of them inoperative; the peasant and worker suffer as never before; the militarists cry for more territory; there is no strong man in sight. Is it any wonder that the real people of China—the peasant, worker and small dealer—are saying: "Give us back the Boy Emperor as a figurehead, with the Elder Statesmen as a Cabinet, make Viceroys of the militarists and let the soldiers build highways and railways and improve our rivers against flood." And in other quarters is heard talk of a constitutional monarchy, with a parliament, something similar to Great Britain.

Peking, May 8, 1926.

Prominent Wedding Announced

Mr. and Mrs. Tong Kai-cho of 61 Haining Road announced the engagement of their daughter, Julia, to Mr. Russell B. S. Chen, son of Mr. Charles K. Shue of Boston, Mass., U. S. A., last Saturday at a reception given at 626 Avenue Haig. Mr. Chen, a graduate of Boston University and the Law School of New York University, came to Shanghai about four years ago to practise law. He is a member of both the American Bar and the Mixed Court Bar. He is well known in Shanghai. Besides being a member of the Shanghai Bankers' Club and other societies, he is the secretary of the American University Club.

Miss Julia Tong is the third daughter of Mr. Tong, a prominent share-broker of Shanghai. She received her education first at St. Mary's and then at the School of Holy Family. She is an accomplished pianist.

The reception was very well attended. Among the distinguished guests were Mr. Tong Shao-yi, Mr. Chun Bing-hin, Dr. D. T. H. Lee, Dr. John Ely, Mr. Y. S. Kumsoo, Mr. Pen Mingshun, Mr. and Mrs. Chun Wingkee, and others. At the tea party which was followed by a dance, both the groom-elect and the bride-elect were heartily congratulated by their friends and relatives.

American Girls Must Marry to Teach In Philippines

The ruling by Vice-Governor Gilmore in Washington, as reported by the *United Press*, that American woman teachers desiring come to the Philippines must be married or at least 28 years old, will have far-reaching consequences, judging marriage statistics at Manila. They will fall most heavily on several hundred American girls who annually arrive in Manila as lonesome teachers and depart two years later with husbands.

"It is a notorious fact" says the U. P. dispatch, "that these romantic islands have always contained a lop-sided population of five unmarried men to one girl. Young teachers, whose habit it has always been to spend their evenings correcting school papers, came out here and their worries were over. They could pick and choose the man they wanted and throw the rest away."

"It is believed that the record still holds—the Philippines have never sent away an unmarried teacher, in good condition, without a husband or several good offers."

A Comparison of American and Chinese Economic Development

BY JULEAN ARNOLD, AMERICAN COMMERCIAL ATTACHE

THE Chinese student in the United States cannot help but be impressed by the striking similarity in the physical characteristics of the United States as compared with China. He will soon come to realize that the two countries lie between pretty much the same degrees of latitude and are not very different in area. Moreover, the great central valley in America is quite comparable with the Yangtze Valley in China. Each country has vast stretches of plains and prairies and also has its vast mountain regions and great river valleys.

If the Chinese student in America were asked the question, what one agency has been most effective in the development of the United States, he could only give one answer, which is, the railway. Without the railway vast stretches of the American continent would still remain unpopulated and undeveloped. Without the railway, development of what is now the United States would have probably developed different political units. In other words, the railway has been one of the outstanding and important factors in our political unity.

Chinese students in America must also be impressed with the fact that extension railway construction in the United States was only made possible through the assistance of foreign capital. Had the American people been obliged to depend upon their own financial resources for their railway transportation they would have been very greatly retarded and the growth of the United States correspondingly held back.

China's Inadequate Communications

The American who travels about China he is equally forcibly impressed by the crying need of internal communications in this country. He marvels over the fact that Chinese civilization, the oldest extant, has probably a lower per capita railway mileage than that of any other country. He beholds six-sevenths of China's population living in a very congested manner in one-third of its territory because of inadequate internal communications. He sees vast stretches of fertile lands unoccupied and undeveloped for lack of railways. He finds hundreds of thousands of human beings in China pressed into service as beasts of burden on a mere pittance of a wage and yet, operating as carriers of cargo on a basis of ten to twelve times as costly as is railway transportation in the United States where the individual laborer receives ten to twenty fold greater daily wage than does the Chinese. He visualizes putting the one billion two hundred million tons of cargo originating on the line and with an average haul of 325 miles which the American railways carry in a year, on the backs of human beings and sees before him an army of one billion men, each carrying 150 pounds fifteen miles a day and working 365 days out of the year. Then he wonders what would happen to the more than one billion passengers which American railways carry in a year if they had to depend upon China's burdensome methods of transportation.

If he could take an aeroplane and drop down on the wheat fields of Kansuh Province, he would find, under normal harvest conditions, he could buy wheat there for about \$50 per bushel. Then, if he were to come to Shanghai he would find the flour mills of this great industrial center operating on Canadian wheat, as far removed from the Pacific Coast ports of shipment as the Kansuh wheat fields are from Shanghai. The Shanghai millers pay over \$3.00 a bushel for the American wheat and yet Kansuh wheat, in distance far closer to Shanghai than American wheat, can be purchased at far less than half the cost in the Kansuh wheat fields. On the other hand, the item of transportation from the Canadian wheat fields to the Shanghai mills is relatively small whereas that from Kansuh to Shanghai is positively prohibitive.

It is not unreasonable to surmise that China will require one hundred thousand miles of railways to take care of its pressing economic transportation needs. This would involve an expenditure of at least five billion dollars gold. However, every one hundred miles of railways constructed in China should not only pay for itself but provide earnings

sufficient to pay the expenses of an additions hundred miles. This is under the presumption that the roads will be well administered and the revenues derived therefrom used entirely for railway purposes.

Railway vs. Motor Truck

In the United States, there are in addition to the 265,000 miles of railways, 300,000 miles of surfaced motor roads and another 900,000 miles of graded roads. The twenty million motor vehicles in operation in the United States are a very important supplementary factor in handling the country's great transportation problems. However, it would be a mistaken idea for the Chinese to plan on motor roads as a substitute for trunk railways for the reason that the unit of cost of railway transportation in the United States is \$5.011 a ton mile, whereas if all shipped cargo put on railways were put on motor trucks, the unit cost would be probably eight times as much. Gasoline in China sells for double the price which is obtained in the United States, thus it is apparent that motor transportation cannot economically replace railway transportation in a country like China where there are vast distances and long hauls. It can, however, serve as useful feeders to the railways and also aid materially in China's passenger transportation needs.

Railways cannot be operated without fuel, nor can they be built without iron and steel, thus, next after the railway in importance in the economic developments of the United States, the Chinese student will observe that coal and iron are important contributing factors. Fortunately, China possesses rich resources in both coal and iron. It is interesting to note, however, that while the per capita production of coal in the United States is five tons, that of China is one-sixteenth of a ton, which means that America is producing eighty times as much coal per capita as is China. It is also interesting to know that the per capita iron and steel consumption in the United States is 180 times greater than that of the people of China. These figures indicate the very backward nature of China in a modern industrial and economic sense. They also indicate the potentialities of the Chinese people in modern expansion and growth.

Within recent decades the United States has taken advantage of its great resources in water power for the development of electricity. During 1924 there were generated in the United States sixty billion kilowatt units of electric power, one third of which were water power generated. China probably has equally great latent resources of this character and yet cannot today claim even as much as one kilowatt unit of electric power and comparatively little steam generated electric power.

Through the utilization of science and invention, every man, woman and child in the United States has on the average from twenty to twenty-five mechanical slaves working for him. This means that in an economic sense he is twenty to twenty-five times more effective than the average individual in China, a country which is only at the inception of modern industrial and economic growth.

Chinese people neither lack in mentality nor in industrious characteristics to obtain for themselves in their economic development what has been accomplished by the people of the United States in the development of the American continent. Nor are the Chinese lacking in mechanical instinct nor in ability to organize and operate successfully the modern corporate institution. However, the education and experience essential to success in this new line of activity are not to be attained in a day. Furthermore, an all-essential element to the development of a modern economic society is a political condition in the society which will guarantee to the individual reasonable amount of impartially administered police protection so that he may enjoy the rewards of his labors and be encouraged to invest his capital for the general betterment of his society. Chinese laborers and capitalists in foreign lands prosper, indicative of the ability of the individual Chinese to be successful in modern economic society, provided he enjoys a reasonable protection through a code of law and machinery of administration calculated to encourage rather than discourage individual effort.

Thus it must be patent to the Chinese student educated abroad that if his society is to prosper in the utilization of what science and invention have given to the world during the past few centuries, there must be produced in China a condition of peace and order which will encourage the investment of native capital in productive enterprise along modern lines.

The foregoing is a resume of an address delivered recently by Mr. Arnold before the Chinese World's Students Federation in Shanghai.

The British vs. The American Newspaper Editors

The following dispatch, dated at Tientsin, by a correspondent of the Public Ledger Foreign Service, appeared in the Berkeley, Cal., Daily Gazette on March 23.

THERE are three American newspaper editors in China, who, although associated in no manner, act with a common policy which causes the younger generation of Chinese, who read English, to believe they reflect American government policy in this country. The tone of their editorials is in sharp contrast to the British newspapers with which they compete. These men are Dr. C. J. Fox, in Tientsin; Grover Clark, in Peking, John B. Powell in Shanghai.

Shortly after the incident of May 30, last, in Shanghai, these three men began to write that the old order in China had changed, and to predict the early restoration of tariff autonomy and the revision of all treaties concerning extraterritorial rights. At first they encountered severe opposition from the business communities which their newspapers serve, but they have maintained that changes in the foreign status in China are inevitable, and that business men will profit most if they recognize this fact. This opinion is now shared by a large portion of the trading groups.

There is no British newspaper in Peking, so that Clark has competed only with the propaganda sheets maintained by Chinese and Japanese factions. He has taught for many years in Japan and China, more recently at the Chinese National University in Peking, and he expressed his natural sympathy for Chinese aspirations in his paper, the Peking Leader.

Britons Wield Influence

In Tientsin and in Shanghai, however, the American editors have had very able opposition. H. G. Woodhead, editor of the *Peking and Tientsin Times*, and O. M. Green, editor of the *North China Daily News*, have steadfastly held that China is ready for no changes whatever, and that the present arrangement is best suited to the interests of China and foreign nations as well. The British papers, which they edit, are the longest-established and most influential foreign papers in China. The result has been two long-drawn-out editorial duels between Dr. Fox and Woodhead in Tientsin and Green and Powell in Shanghai.

As a matter of fact, the policies of Great Britain and the United States in the last year in China have been almost identical. Delegates of the two countries in Peking conferences have worked with entire accord. But the natural sympathies of the three American editors, contrasted to the rather bitter and persistently uncomplimentary comment of the Britons, has unquestionably led the Chinese intelligentsia to believe that Great Britain is hostile to all Chinese aspirations, and that America is wholly friendly. Several British business men have told me that the tone their newspapers in China have taken has had a pronounced effect upon their trade relations with the Chinese.

For months the British editors concentrated their fire upon tariff autonomy, and became almost hysterical in denunciation when the delegates at Peking granted China's desire. The *North China Daily News* greeted this action with a large headline, "The Great Betrayal," and an article accusing British delegates of surrendering ignominiously to the Chinese. More recently they have treated the question of extraterritorial rights with the same vigorous opposition.

Contempt for Nationalists

The two British editors, while extremely able and well informed men, are inclined to write caustically and condescendingly of all things Chinese, discussing contemptuously the nationalist aspirations which the younger Chinese take so seriously. The chaos in China has provided them with abundant material for strengthening their side of the case, and for ridiculing Chinese hopes. But their sharp remarks have roused something akin to hatred in Chinese leaders who are inclined to be over-sensitive at present.

Recently I have discussed conditions in China at length with the three American editors. It appears to be quite by chance that these three men are so sympathetic with the Chinese, as probably a majority of the Americans in China do not fully agree with them, but events are bearing out their assertion that China will either get what she wants or will take it. For the best interests of their own countrymen and

for their Chinese friends they would prefer to have the process a gradual one.

None of the three Americans is a sentimentalist, none has any special connection with the missionary interests, but rather are closely allied with the business interests, in which they have a share. They aver that they have written as they have, not because of their sympathies with the Chinese, but in what they believe to be the best interests of foreign businessmen in China. They urge the powers to make important concessions gracefully now, rather than have extremists in China repudiate all agreements and make matters worse.

Whatever the merits of this argument, the controversy has impressed English-speaking Chinese with the friendliness and sympathy of America and the opposition of Great Britain—a conviction which the almost identical policies of the two countries by no means justifies. And events have not modified the views of either side. The American editors continue their sympathetic tone, forecasting early revision of all treaties. The British editors continue to discuss Chinese affairs with bitterness and gloom. And each group believes events are supporting its stand.

Production of Raw Silk in Kwangtung

Sericulture was first introduced into Kwangtung province in the Hon dynasty about 2,000 years ago and has since become very popular. The best known silk producing centers in Kwangtung are Shunteh (順德), Heungshan (香山), Namhoi (南海), Sunwui (新會), Samshui (三水), Canton and Hokshan (鶴山); in addition, there are several secondary silk producing belts lying along the valleys of the Tungkiang (東江), Si Kiang (西江) and Peh Kiang (北江) rivers. According to investigations made by the Canton Christian College in the spring of 1925, the total area of mulberry plantations in the whole province covers 1,465,700 *mow* yielding about 35,571,000 piculs of leaves a year, or 24 piculs per *mow* on the average. Under ordinary circumstances, worms reared from each egg sheet weighing eight ounces require 23 piculs of leaves for feed and yield from 45 to 50 catties of dried cocoons. This means that 50 piculs of leaves will raise enough worms to yield about one picul (100 catties) of dried cocoon. At this rate, one would naturally conclude that the yearly output of dried cocoons in Kwangtung amounts to something like 711,400 piculs. But such an estimate is inaccurate on account of the fact that silk worm crops in Kwangtung are often ruined by diseases caused by unfavorable climatic conditions. A more conservative estimate puts the figure at 498,000 piculs of dried cocoons a year, setting aside 30 per cent of the foregoing figure against losses caused by crop failures. The average market price for dried cocoons on the Kwangtung market being about \$300 a picul, the total yearly crop of the province is valued at about \$149,400,000, Canton local currency, and yields about 99,600 piculs of raw silk, five catties of dried cocoons being required to spin one catty of raw silk. The average market quotation for raw silk is \$1,500 a picul, Hongkong currency, or \$1,950, Canton local currency.

The following table shows the area of mulberry plantations, the yearly output of dried cocoons and raw silk, etc., in each of the silk producing centers in the province:—

District	Area of Mulberry Plantation in <i>Mow</i>	Yearly Out- put of Leaves in Piculs	Dried Cocoon in Piculs	Value of Cocoons in Canton Currency	Raw Silk in Piculs	Value of Silk in Hongkong Currency
				\$		\$
Shunteh (順德)	665,000	17,290,000	242,060	72,618,000	48,412	72,618,003
Heung- shan (香山)	328,800	7,562,000	105,874	31,762,200	21,175	31,762,200
Namhoi (南海)	300,000	6,900,000	96,600	28,980,000	19,320	28,980,000
Sunwui (新會)	60,000	1,560,000	21,840	6,552,000	4,368	6,552,000
Samshui (三水)	30,000	600,000	8,400	2,520,000	1,680	2,520,000
Panyu (Canton)	10,000	230,000	3,220	966,000	644	966,000
Hokshan (鶴山)	4,800	96,000	1,351	405,300	270	405,300
Districts in the Tung- kiang Valleys	29,100	573,000	8,020	2,406,000	1,604	2,406,000
Districts in the Si Kiang Valleys	17,000	340,000	4,760	1,428,000	952	1,428,000
Districts in the Peh Kiang Valleys	21,700	420,000	5,880	1,764,000	1,176	1,764,000
Total	1,465,700	35,571,000	498,005	\$ 149,401,500	99,601	\$ 149,401,500

Silk reeling in Kwangtung is done partly by crude native methods, although quite a number of modern silk filatures are operating in different parts of the province. The principal features of an old style silk-reeling outfit consist of a reeling apparatus made of wood or bamboo and worked by a handle or treadle, a boiler and a brick oven. The silk turned out by an old style reeling outfit is not uniform in thickness; its color is also dull. It is used chiefly for weaving crepe and other fabrics for summer wear. It is not desirable for foreign markets, only a small quantity being exported to India. Cocoons of inferior quality or damaged cocoons are generally made into silk wadding by boiling and turning them into a pulpy mass. Discarded cocoons are sometimes spun into coarser yarns for weaving pongee. Raw silk turned out from the treadle type reeling outfit is in certain respects superior to that produced by the handle type machine, and fetches a slightly higher market price, the current quotation for this variety on the market being about \$1,600, Hongkong currency, a picul. In the modern silk filatures, silk is reeled under steam. The work is done entirely by modern machinery. Steam filatured silk is by far superior to the silk produced by the crude native methods and always finds a ready market in foreign countries. In preparing raw silk, the water used for boiling or steaming the cocoons has much to do with the color of the silk. Ordinary river or canal waters are unsuitable because of the impurities contained in them. The dullness which mars the color of the raw silk produced native methods may be partly attributed to the use of impure water. In modern filatures, special tanks or reservoirs are constructed to store water for this purpose. In case ordinary river or canal water is used, it is always filtered first through a specially constructed filtration bed.

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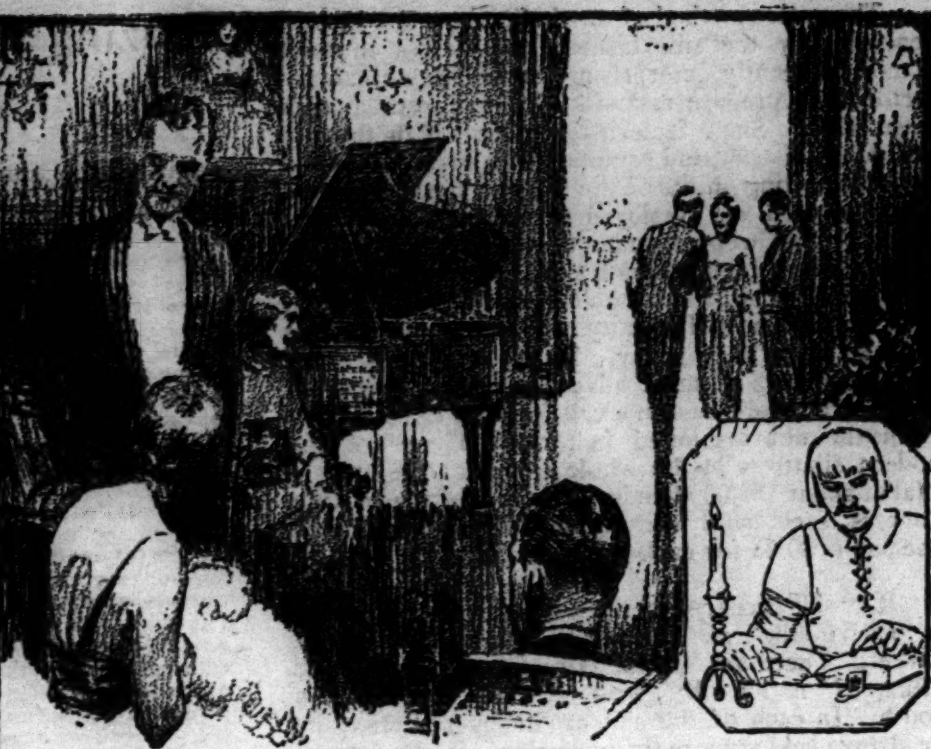
CHINA—China General Edison Co., Shanghai.

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GENERAL ELECTRIC

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The native method of unwinding raw silk is done generally by the silk farmers themselves in their homes. Recently, enterprising persons have organized factories to prepare raw silk by native methods on a large scale. Such factories are located in the silk producing district, and equipped with hundreds of old style silk reeling outfits of the treadle type. Girls and young women are employed to work on the reeling outfits. Only women under thirty are qualified for the job, which requires good sight and nimble fingers. Each hand in such an establishment turns out about eight ounces or half a catty of raw silk and receives from \$0.30 to \$0.50 a day. In the modern filatures, female workers of more advanced age are employed because the work does not call for such delicate skill as in the old fashioned factories. There are 167 modern filatures in the whole province, employing a total of about 170,000 hands, who are mostly part-time workers, each hand working only 15 days a month. The pay is \$0.65 for each working day.

Raw silk prepared by the native method is known as "native silk", and is consumed mostly on the local market. There are special fairs for the buying and selling of "native silk", held regularly nine times a month. In each of the silk producing centers, fairs are always held at more than one place simultaneously. At Shunteh, for instance, there are 11 silk fairs, at Namhoi, six, and at Heungshan, 18. At each fair there is a broker with two assistants: an accountant and a silk weigher. After the buyers and sellers have agreed on the price, they bring the commodity to the weigher to be weighed. The weigher is always appointed by vote, and performs his duties with strict impartiality. Bankers and money exchangers also attend the fairs, at each of which business involving from several hundred thousand to two or three million dollars is transacted every year. The business is not confined to small dealings; silk manufacturers often buying large consignments of "native" or steam filatured silk.

Raw silk prepared for foreign markets is called "foreign silk". This is turned out chiefly by the modern filatures. The filatures take their product to a class of silk dealers or collectors in Canton for sale and the latter in turn sell the silk to foreign exporters at a profit. These dealers are known in Canton as *Shih Chwang* (絲莊), of which between 20 and 30 are operating in the city. The *Shih Chwang* is a well-financed establishment, having a capital of from \$50,000 to \$100,000, and a yearly business turnover of from \$2,000,000 to \$3,000,000. Three men form the most important part of the staff of a *Shih Chwang*: (1) the manager, who supervises all business transactions, watches the market conditions and handles the funds of the establishment, (2) the buying or collecting agent, who buys raw silk from the silk filatures in the interior and (3) the canvasser or sales agent who makes daily calls on the foreign exporters to solicit business. The last-named must be conversant with foreign languages and also an expert in the silk business. His yearly salary amounts to \$1,000 to \$2,000.

Each silk filature in the country districts keeps a fleet of junks for the delivery of goods to the Canton *Shih Chwang*. The junks, which bring in shipments of raw silk and return with shipments of silver, are always well-armed against river pirates. The average freight for each picul of raw silk from the neighboring districts is about \$1.20. When a shipment of raw silk arrives in Canton, it is first moved to the *likin* col-

Blazing New Trails in Honan

BY H. L. HARGROVE

TRAINS in Honan on the Lunghai are try-weekly—they come one week three times, then the next week they stop with trying and do not come at all. When they do run it often takes from six to twelve hours to run the forty miles from Kaifeng to Cheng Chow. In despair we got a Dodge car and followed a new trail which was first found by an old missionary, D. W. Herring, when he rode a motorcycle. The oil men followed him and we had but to follow the oil men. The finding of this highway in the heart of sand-cursed Honan is no less than a boon to humanity and a notable event which deserves setting down in the chronicles of time.

Leaving the West Gate of Kaifeng we flew over the miles of sand to the Yellow River Dike north-west a distance of some ten miles. At Heh An Kou we came to the dike and a little to the west we climbed to the view of the river—a wonderful road fifty feet wide and as many feet above the surrounding country on the south and perhaps half that distance above the water of the river on the north—truly a Highway. The top of the dike is free from sand and is a fair road all the way. With the exception of two or three short detours we were on the dike for nearly forty miles leaving it at Ching Swei, ten miles north of Cheng Chow. From this point to the latter city the road is good most of the way with the exception of one ditch which needs a bridge. The speedometer showed the whole run to be sixty-three miles against the forty miles of rail.

For use as a highway this same stretch of dike along an American river would be worth a million dollars gold. In places it was positively picturesque. On the south were billowing wheatfields dotted with prosperous villages—on the north was the Yellow River with occasional junks or fisherboats floating lazily in the reflected sunlight. The natives were so wary of the never-before-seen auto that they stared at a safe distance, the jackrabbits scooted across the ridges, and the cranes stopped their fishing long enough to stand in the river and gaze at us in silent dignity. One village had spilled over from the dike to the level below in such a way that we entered it on the lower side and rose to the dike just as we passed through its north gate. The gate itself happened to frame a wonderful view of the river with a junk in the middle—a scene that many an artist would revel in. There are on the dike at intervals villages, guard houses, temples (in one place the temple bell was swung to the branch of a large tree), but for once never a soldier to be seen—this fact alone ought to make it the most popular drive in all China.

The Honan Famine Relief is to use the Surtax of \$150,000 to build roads across Honan, one of which is to run from Cheng Chow via Kaifeng to Lanfang, Kweiteh, and end at Nan Hsu Chow on the Tientsin-Pukow railway. Nearly half of this road could easily follow the dike—as far as Lanfang certainly—and thus save a large investment, if they are disposed to do so and if the River Conservancy are as wise as they should be. Another road should follow the dike all the way down to Tsinan Fu—what a wonder road that would be! And the cost would be comparatively nil! Ford says autos bring good roads, instead of the other way around. Well, the cars are coming, so the roads must not be far behind.

"Back to the barrow" we may be bound
But not so long as such roads are found!
Kaifeng, April 28, 1926.

lectorate for inspection. The cargo is then subject to the following levies: (1) "Import Duty" (進口稅), \$1.38 per picul (2) Levy for the maintenance of the forts (砲台經費), \$8.22 per picul: (3) *Likin* \$9.39 per picul. When the shipment passes the Maritime Customs House, an export duty of about \$17.50 per picul is levied. All these charges, including the freight for the movement of the shipment from the producing districts to Canton, amount to a total of \$37.69 on each picul of raw silk.—*Chinese Economic Bulletin*,

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Revenue Act of 1926 Encourages Foreign Trade

American Citizens Exempted Under Certain Conditions for Income Earned Abroad—Corporations Granted Credit for Foreign Taxes on Revenue from Branches or Subsidiary Companies—Relief from Double Taxation on Investments in Other Countries

BY MITCHELL B. CARROLL, IN COMMERCE REPORTS

TOTAL or partial relief from double taxation is assured to American citizens or corporations having investments or carrying on business abroad by a number of provisions in the revenue act of 1926. For the first time an exemption is granted, under certain conditions, to Americans not residing in this country for more than half a year, in respect to income earned in a foreign country or in the possessions of the United States (sec. 213 (b) (14)). If a citizen derives income from the possessions of the United States which does not come within the preceding exemption, he may, perhaps, take advantage of the favorable provisions contained in section 262.

If the citizen does not qualify for either of these provisions, he may still claim credit for income taxes paid to a foreign government of a possession of the United States under section 222. Finally, if he carries on a shipping business with certain other countries, he will be exempt from taxation under a stipulation of their law corresponding to section 213 (b) (8), and be subject only to our income tax.

Members of Partnerships Regarded as Individuals

If a partnership has foreign interests, the partner may, subject to the same limitation as applies to the income tax of his proportionate share the income taxes of the partnership paid or accrued during the taxable year to a foreign country or to a possession of the United States (sec. 222 (a) (4)).

Corporations enjoy virtually the same advantages as individuals in respect to income derived from sources within the possessions of the United States under section 262, and they may claim similar credits for income taxes paid to such possessions or to a foreign government under section 238—for instance, on revenue derived through a branch or a subsidiary company. Foreign shipping profits in most instances will be taxed only in this country, by virtue of section 213 (b) (8). In the case of China trade act corporations a special credit is allowed section 263.

Exemption Allowed Nonresidents Under Certain Conditions

If an American citizen is sent abroad to build up the foreign trade of his company and remains there for more than six months during its annual accounting period, he will not be taxed by the United States government on his salary or commission so earned. The term "United States," when used in the geographic sense, includes only the States, the Territories of Alaska and Hawaii, and the District of Columbia. Traveling salesmen, managers of agencies or branches established in a foreign country, and those who leave this country in any capacity whatever are to enjoy this same exemption on foreign-earned income, provided they are bona fide nonresidents of the United States during the prescribed lapse of time.

This exemption is found in section 213 (b) (14), an innovation of the revenue act of 1926, which reads:

In the case of an individual citizen of the United States, a bona fide nonresident of the United States for more than six months during the taxable year, amounts received from sources without the United States (shall not be taxed) if such amounts constitute earned income as defined in section 209.

There is also a provision that deductions chargeable to amounts which may be exempted under this section may not at the same time be claimed in respect to the gross income that remains subject to the income tax of this country. In other words, the nonresident may not claim exemption for income earned abroad and also deduct from his remaining income amounts ordinarily deductible, such as traveling expenses incurred while on business abroad.

Amounts Earned Abroad Exempt Though Paid in United States

The phrase "amounts received from sources without the United States" has been interpreted by United States Treasury officials to mean amounts earned abroad, irrespective of where payment is actually made. If the monthly pay check of a foreign representative is deposited in an American bank to his account, the total thus deposited will be exempt even though he only draws a part thereof from the bank.

Section 209 defines "earned income" as wages, salaries, professional fees, and other amounts received by the taxpayer as compensation for personal services actually rendered. It does not include, however, that part of the compensation derived by the taxpayer for personal services rendered by him to a corporation which represents a distribution of earnings or profits rather than a reasonable allowance as compensation for the personal services actually rendered.

In case a taxpayer is engaged in a trade or business abroad, in which both personal services and capital are material income-producing factors, a reasonable allowance as compensation for the personal services actually rendered by the taxpayer, not in excess of 20 per cent of his share of the net profits of the trade or business, shall be considered as earned income.

Advantages Enjoyed by Citizens Trading in Possessions

Citizens deriving revenue from possessions of the United States, including Porto Rico, the Philippines, and the Panama Canal Zone, but not the Virgin Islands, may, under certain circumstances, be exempt from taxation on income proceeding from such sources and be liable to this government only in respect to income accruing in the territory of the United States as previously defined. Section 262 provides that citizens shall be taxed only on income from sources within the United States (1) if 80 per cent or more of the gross income of such citizen (computed without the benefit of this section) for the three-year period immediately preceding the close of the taxable year was derived from sources within a possession of the United States; and (2) if 50 per cent or more of his gross income (computed without the benefit of this section) for such period of such part thereof was derived from the active conduct of a trade or business within a possession of the United States, either on his own account or as an employee or agent of another. This exemption, however, does not apply to amounts received by such citizens within the United States, although derived from sources without the United States. Form 1040E, United States Internal Revenue, is employed in claiming the exemption under this section.

It is evident that the new exemption for nonresidents contained in section 213 (b) (14) is broader than section 262 as regard earned income. Although the regulations for the revenue act of 1926 have not yet been published, and, therefore, no official interpretation can be had on this point, it is, nevertheless, possible that the citizen who goes to a possession for more than six months could enjoy the foreign-earned income exemption and take advantage of section 262 for the balance of his revenue received there.

Credit Given Citizens for Foreign and Possession Taxes

In case an individual does not meet with the requirements to claim either the nonresident's foreign-earned income exemption or the exemption under section 262, he may still claim a certain credit under section 222 (a) (1) and (5) for income taxes paid to a foreign government of a possession of the United States.

With reference to this provision, "foreign country" means any foreign sovereign State or self-governing colony; for example, the Dominion of Canada, but does not include a foreign municipality, such as Montreal, unless it is a sovereign State; for example, Hamburg. "Any possession of the United States" includes, among others, Porto Rico, the Philippines, and the Virgin Islands. (Article 382, Regulations 65, relating to revenue act, 1924.) Form 116, United States Internal Revenue, is used in claiming this credit.

The section in point provides that in the case of a citizen of the United States, the amount of any income, war-profits and excess-profits taxes paid or accrued during the taxable year to any foreign country or to a possession of the United States shall be credited against the total normal tax and surtax owed to this government. In no case, however, shall the amount credited "exceed the same proportion of the tax (computed on the basis of the taxpayer's net income without the deduction of any income, war-profits, or excess-profits tax, any part of which may be allowed to him as a credit by this section), against which such credit is taken, which the taxpayer's net income (computed without the deduction of

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any such income, war-profits, or excess-profits tax) from sources without the United States bears to his entire net income (computed without such deduction) for the same taxable year."

This seemingly complex provision is rather simple when reduced to a formula. Let X represent the maximum amount of credit allowable under this section, Y the tax due to the United States on total net income from all sources, A the amount of net income gained abroad, and B the total net income from all sources, including foreign; then

$$\frac{X}{Y} = \frac{A}{B} \text{ or } X = \frac{A}{B} \times Y.$$

Balance of Foreign Tax Not Credited is Deductible

If the foreign tax paid is less than the maximum credit allowable, only the amount of the foreign tax may be credited. If the foreign tax is greater than the maximum credit allowable, only the latter amount may be credited and the balance between that amount and the foreign tax may be deducted in computing the net income under section 214 (a) (3) (B).

This section provides that "in computing net income there shall be allowed as deductions * * * taxes paid or accrued within the taxable year except so much of the income, war-profits, and excess-profits taxes, imposed by the authority of any foreign country or possession of the United States, as is allowed as a credit under sections 222."

In other words, the credit for foreign taxes is first computed on the basis of the total net income without any deduction for foreign income, war-profits, and excess-profits taxes. After the credit has been determined, the tax due the United States is redetermined on the total net income less the portion of the foreign tax that is not granted as a credit. From the tax thus obtained the credit is subtracted, leaving the amount of tax actually payable.

As a result of the preceding provision regarding credit, if an American received all his income from sources without the United States, and the foreign tax were greater than the American tax, the credit allowed would cover the tax payable to the United States government, and consequently, our Treasury would collect tax. On the other hand, if the foreign tax were smaller than the American tax, the difference would be collected by our government.

Corporations Deriving Income from Possessions

Certain advantages are accorded by section 262 to domestic corporations which derive a given percentage of their income from sources within the possessions of the United States, including Porto Rico, the Philippines, and Panama Canal Zone but not the Virgin Islands. Such corporations will only be taxed on income from sources within the United States and amounts received within the United States although derived from sources without the United States (1) if 80 per cent or more of the gross income of such corporation (computed without the benefit of this section) for the three-year period immediately preceding the close of the taxable year (or for such part of such period immediately preceding the close of such taxable year as may be applicable) was derived from sources within a possession of the United States; and (2) if 50 per cent or more of its gross income (computed without the benefit of this section) for such period or such part thereof was derived from the active conduct of a trade or business within a possession of the United States.

Profits from Sales to Possessions Apportioned

A new provision, inserted under section 217 (e), which concerns the apportionment of income to sources within or without the United States, is intended to favor sales between the United States and its possessions. Although, in general, gains, profits, and income derived from the purchase of personal property within and its sale without the United States, or from the purchase of personal property without and its sale within the United States, shall be treated as derived entirely from sources within the country in which sold. Nevertheless, gains, profits, and income derived from the purchase of personal property within the United States and its sale within a possession of the United States or from the purchase of personal property within a possession of the United States and its sale within the United States shall be treated as derived partly from sources within and partly from sources without the United States, and taxed accordingly.

The American citizen receiving income of this character may consider the portion of such income allocated to a possession under this provision in determining whether he satisfies the 80 per cent and 50 per cent conditions precedent to taxation under section 262.

Corporations Credited for Foreign and Possession Taxes

Domestic corporations which can not take advantage of section 262, regarding income from sources within the pos-

sessions of the United States, nor of section 263, regarding China trade act corporations, may, however, under section 238 (a) take as a credit against the tax due to our government the amount of any income, war-profits, and excess-profits taxes paid or accrued during the same taxable year to a possession of the United States or to any foreign country. In this instance "possessions" include the Virgin Islands, as well as Porto Rico, the Philippines, and the Panama Canal Zone. There is a limitation to this credit of the same kind as that imposed on the credit granted to individuals. In general terms, the amount of such credit in no case shall exceed the same proportion of the tax against which such credit is taken, which the taxpayer's net income from sources without the United States bears to its entire net income for the same taxable year.

Perhaps the application of this provision can best be understood by taking a concrete example. Suppose an American corporation has a branch establishment or a small subsidiary "private" company in England, the net income being \$25,000, whether in the form of net profits of the branch or dividends from shares held in the subsidiary company. The British normal tax (20 per cent) would be \$5,000. If the total net profits of the parent corporation from all sources, including England, were \$100,000 the tax due to the United States would be \$13,500—at the rate of 13½ per cent. If X represents the maximum credit allowable, then,

$$\frac{X}{\$13,500} = \frac{\$25,000}{\$100,000} \text{ or } X = \$3,375.$$

The England tax paid exceeds the maximum allowable credit by \$1,625. Only the maximum allowable credit may be taken but the balance may be deducted in computing the net income for the final calculation of the tax due under section 234 (a) (3) (B). Thus, \$100,000 less \$1,625 = \$98,375. The United States tax due on this amount at the rate of 13½ per cent is \$12,280.63. The credit of \$3,375 is deducted from this amount, leaving \$8,905.63, the amount of tax actually payable to the American government.

Relief Granted in Respect to Tax on Foreign Subsidiary

There is a special credit under section 238 (e) for an American corporation which owns a majority of the voting stock of a foreign corporation from which it receives dividends (not deductible under section 234). In such case, the parent corporation shall be deemed to have paid the same proportion of any income, war-profits, or excess-profits taxes paid by such foreign corporation to any foreign country or to any possession of the United States, upon or with respect to the accumulated profits of such foreign corporation from which such dividends were paid, which the amount of such dividends bears to such accumulated profits. (The term, "accumulated profits," signifies the amount of its gains, profits, or income in excess of the income, war-profits, and excess-profits taxes imposed upon or with respect to such profits or income.)

There is also a limitation to this credit. In no case shall it exceed the same proportion of the taxes against which it is credited, which the amount of such dividends bears to the amount of the entire net income of the domestic corporation in which such dividends are included.

Section 234 allows the deduction, in computing the taxable net income of a corporation, of the amount received as dividends from any foreign corporation when it is shown to the satisfaction of the Commissioner of Internal Revenue that more than 50 per cent of the gross income of such foreign corporation for the three-year period ending with the close of the taxable year preceding the declaration of such dividends was derived from sources within the United States.

Both Credits May be Claimed in Certain Cases

The credit granted under section 238 (e) may only be claimed by the American corporation for income taxes paid by the subsidiary on its profits, and does not apply to taxes paid by the domestic corporation itself on dividends or any other kinds of taxes for which credit has been taken under section 238 (a). Take, for example, an American corporation owning a majority of stock in an English company. The British income tax of 20 per cent is levied on the profits of the English company, but when the latter declares dividends it is entitled to recoup itself by deducting a proportionate amount of the tax paid from the dividend check. In the example given under section 238 (a), the \$5,000 tax would be deducted from the \$25,000 dividends, leaving a balance of \$20,000. In this case, since, in fact, the profits are only taxed once and that tax is paid by the American company, it may only claim credit under section 238 (a). It is prevented from taking advantage of section 238 (e) even though it owns a majority of the shares and would have greater relief under the latter provision.

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If the American corporation has a subsidiary societe anonyme in France, however, the situation is different. There, two distinct taxes are levied—a tax of 9.6 per cent on commercial and industrial profits which is paid by the French company itself, and a tax of 12 per cent on dividends which is borne by the shareholder, in this case the American corporation. The American corporation, consequently, may take advantage of both the credit provided for under section 238 (a) in respect to the dividend tax, and that under section 238 (e) for the amount it is deemed to have paid of the tax on commercial and industrial profits.

Favorable Provision for China Trade Act Corporations

A special credit against the tax on corporations (section 230) is allowed by section 263 in the case of a corporation organized under the China trade act, 1922. In substance, this credit shall be of an amount equal to the proportion of the net income derived from sources within China, which the par value of the shares of stock of the corporation owned on the last day of the taxable year by (1) persons resident in China, the United States, or possessions of the United States, and (2) individual citizens of the United States or China wherever resident, bears to the par value of the total number of shares of stock of the corporation outstanding on such date; provided, that the amount of the credit taken against the corporation tax shall not exceed the special dividend certified under section 263 (b).

Shipping Profits Taxed Only in the United States

The principle of reciprocal exemption of shipping profits was first set forth in section 213 (b) (8) of the revenue act of 1921, which provides for the exemption of the income of a nonresident alien or foreign corporations consisting exclusively of earnings "derived from the operation of a ship or ships documented under the laws of a foreign country which grants an equivalent exemption to citizens of the United States and to corporations organized in the United States." This same provision is found in the revenue acts of 1924 and 1926.

In Treasury Decision 3812 there is given an incomplete list of the foreign countries which either impose no income tax or, in imposing such tax, exempt from taxation so much of the income of a citizen of the United States nonresident in such foreign country and of a corporation organized in the United States as consists of earnings derived from the operation of a ship or ships documented under the laws of the United States. The list includes the Argentine Republic, Bulgaria, Denmark, Egypt, Germany, Great Britain and Northern Ireland, Iceland, Japan (from July, the date on which the Japanese law granting exemption to American citizens and American corporations was promulgated), Norway, Paraguay, Persia, St. Lucia, Siam, Straits Settlements, Sweden, and Venezuela. It is understood that a decree is soon to be published in Italy which will establish the same regime between Italy and the United States.

World's Leading Mason Visiting Shanghai Lodges

John Henry Cowles of Washington, D. C., who is probably the world's most prominent Mason and who holds the highest rank in the Order that any Mason may attain, is in Shanghai for the week accompanied by Mr. Willis W. Case, Jr., of Denver, Colorado. Mr. Case also is a high officer in the Masonic order.

In addition to a long list of other Masonic titles Mr. Cowles is the Sovereign Grand Commander of the Scottish Rite for the southern Jurisdiction of the United States. With Mr. Case he is visiting Masonic lodges of Japan, China and the Philippines, which come within his jurisdiction, and following these visits he will continue on a tour of the world with the purpose of making stops in the leading European centers.

Mr. Cowles arrived in Japan on April 16 and after visiting Masonic lodges there through a stay of eight days he sailed from Kobe for Tientsin where he was greeted by Mr. N. E. Lurton, U. S. Commissioner, who is a thirty third degree Mason and Deputy of the Supreme Council in China. Accompanied by Mr. Lurton, Mr. Cowles visited International Lodge of Masons at Peking and Hykes Memorial Lodge at Tientsin before he took boat for Shanghai to arrive last Sunday.

Mr. Cowles and Mr. Case will sail on the *President Madison* for Manila next Monday.

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Men and Events

Emos Hiatt, of the American-Oriental Banking Corporation, is in Foochow on an extended business trip.

L. T. Thomas, of the International Banking Corporation, Kobe Branch, was a Shanghai visitor this week.

Mr. and Mrs. R. F. Evans and child are sailing from Shanghai about the 20th of the month for a holiday of six months in the United States.

Miss Fern Nelson and Miss Vera Bernhardt sailed on the *President Polk* last Friday morning, May 7, returning to their home in California via Suez.

Mr. and Mrs. Carl Dragsted left last Saturday on the *Siberia Maru* for the United States, where they will make their future home in Missoula, Montana.

C. P. Dawson, the treasurer of the Shanghai General Hospital, is sailing on the *Empress of Canada* on May 17, for a holiday of five or six months in Canada.

Arnold Cady, the Shanghai representative of the National City Bank of New York, returned to Shanghai this week from a protracted holiday in the United States.

F. J. Twogood, of the Standard Oil Company, Shanghai, has been transferred to the company's office at Tientsin. Mr. Twogood has already left for his new post, and it is expected that Mrs. Twogood and children will sail north shortly.

Dr. D. Willard Lyon, senior foreign Y. M. C. A. secretary in China, where he has been doing Y. M. C. A. work for more than 30 years, left Shanghai for an extended furlough in the United States on last Saturday, on the *Siberia Maru*.

James Carroll, of the Foochow office of the China Import and Export Lumber Co., Ltd., returned to Shanghai on Monday last from home leave in the United States. Mr. Carroll will be attached to the Shanghai office of the above company for the present.

G. C. Yun, a member of the board of directors of the Chinese Engineering Society, who is going to America in connection with the Philadelphia Exhibition, was entertained at the Navy Y. M. C. A. last Monday by the board and executive committee of the society.

Humiliation Day passed by last Sunday without any disturbances of any nature. Thanks to the active co-operation of the various police authorities and public bodies, four of the dangerous dates in the month of May have gone without the much spoken-of demonstrations.

So popular was the production "So this is London" by the American Players, which was presented at the Carlton Theater three days last week, that the play was again presented on Thursday and Friday nights of this week. Large and enthusiastic crowds attended both performances.

F. S. Brockman, of New York, associate general secretary of the international committee of Y. M. C. A., who has been touring the Orient, has arrived in Tokyo. Mr. H. S. Sneyd, secretary of the Yokohama Y. M. C. A., is to confer with Mr. Brockman at Tokyo on various matters concerning the association work.

Among the passengers sailing on the *President Jefferson* last Saturday were Mrs. A. P. Henningsen and Fred Henningsen, returning to their home in Portland, Oregon. Mrs. Henningsen is the mother of A. B. Henningsen, whose marriage to Miss Yale Arnold was an event of last Thursday evening, May 6.

The following officers of the social department of the American Women's Club were elected May 6: Chairman, Dr. Anne Walter Fearn; First Vice-Chairman, Mrs. J. W. Schoenfeld; Second Vice-Chairman, Mrs. C. C. Foulk; Assistant to the Chairman, Mrs. J. B. Powell and Secretary-treasurer, Mrs. G. H. Stewart.

The Rt. Rev. Logan H. Roots, D. D., of the American Church Mission, has received a cablegram from London saying that the Archbishop of Canterbury has appointed the Rt. Rev. H. W. K. Mowll, D. D., assistant Bishop, to be Bishop in the Diocese of Western China, in succession to the Rt. Rev. Wm. W. Cassels, D. D., who died last November.

Gardner Forster, of Andersen, Meyer and Co., Ltd., sailed on the *President Jefferson* last Saturday for a holiday of six months in the United States. The engagement was announced some months ago of Mrs. Elizabeth Stansfield Davis to Mr. Forster, and it is expected that the marriage will be celebrated sportly after the latter's arrival in America.

A motor-car road from Shanghai to Hangchow, to run parallel with the railway line, is reported to have been projected by Marshal Sun Chuan-fang. It is estimated that the new road will cost a million dollars, and a novel scheme has been proposed to supply initial funds. The 6,000 Chinese who own motor-cars in Shanghai, it is suggested, should each subscribe a round sum.

J. B. Powell, editor and publisher of *The China Weekly Review*, is spending several days in Hankow.

The Mission Book Company, located in North Szechuen Road, a joint enterprise controlled by the Methodist and Presbyterian missions here, have announced the withdrawal of the Methodists from the concern. The stock of books, on subjects of religious and general interest, belonging to the Methodist mission formerly in the book store are now being sold in the Missions Building, 23 Yuen Ming Yuen Road.

Comm. de' Rossi, Consul General for Italy and Senior Consul left Shanghai on May 9 for Hankow to join the Commission of Extraterritoriality at that port. He will remain absent from Shanghai for about 3 weeks. Vice Consul Dr. G. Pirajno has taken charge of the Italian Consulate General. Mr. Edwin S. Cunningham, Consul General for the U. S. of America will act as Senior Consul, during the absence of Mr. de' Rossi.

A notable engagement was announced on May 3 in Washington, D. C. Miss Ailsa Mellon, the only daughter of Andrew W. Mellon, Secretary of the Treasury, is engaged to David Bruce, son of Senator William C. Bruce of Maryland. Miss Mellon is the greatest heiress in the United States as she will share with her younger brother a fortune of half a billion dollars. David Bruce is from Baltimore and is now preparing for a diplomatic career in the foreign service school of the State Department.

Marshal Sun Chuan-fang was the guest of honor last Saturday afternoon at a reception at the French Consulate which was attended by a gathering of about a hundred including officials of the administration of the French concession, Chinese officials and various dignitaries from both concessions. Exchange of felicitations and expressions of mutual esteem and friendship featured the several addresses that were given. The addresses of welcome were voiced by M. Emil Naggair, French Consul-General and Mr. Gaston Charlot, Chairman of the French Chamber of Commerce.

A sensational win by *Borderland* over the favorite pony, *New Zealand* for the Champion Sweepstakes closed the annual spring races of the Shanghai Race Club on last Wednesday, May 5. *Borderland*, who was considered a "second string" pony, raced past the finish a hundred feet ahead of the favorite *New Zealand*, paying a dividend of \$77.50 for win. *Old Bill*, the perennial favorite, came in second while *Firestone*, with Maitland up, was third. McBain rode *Borderland* and Burkill brought in *Old Bill*. The lucky Championship sweepstake ticket was 43,822; second, 45,791 and third, 27,261. In the "B" Sweeps first number was 6480; second, 19,642 and third, 25240.

Sun Chuan-fang Goes To Hangchow

Marshal Sun Chuan-fang, Commander-in-Chief of the Five South-eastern Provinces and concurrent Director-General of the Shanghai-Wusung Special Municipality, who has been in Shanghai for the last few days left Shanghai for Hangchow Monday morning, together with his secretaries and a company of his body guards, by a special train arranged for his trip. All Chinese officials, including Dr. V. K. Ting, co-Director of the New Administration, Taoyin Fu Chiang, Commissioner Hsu Yuan, Col. Yen Chung-yang, Magistrate Wei Tao-peng and others were at the north station, bidding him goodbye. The special train left the station at 9:15 a.m. Mrs. Sun was also on the train. Marshal Sun expects to stay in Hangchow for a few days, after which he will return to Nanking.

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News from South China

Explanations as permitted by censors in Canton to pass through Kuomintang controlled channel of communications with reference to the sudden dismissal of Wu Te-chien, Commissioner of Canton Police, and the partial disarming of his army division in Canton, April 24 stated that it was on his own resignation and a compliance by the authorities with his desire to be relieved of all other offices so as to devote his full time to the development of an efficient army.

Sources of information unauthorized by Kuomintang have it that General Wu Te-chien has never willingly acquiesced to the dictatorship of General Chiang Kai-shek within the Kuomintang and that General Chiang's taking action over the head of the Provincial Political Council and the Municipal Commission to which the Commissioner of Police is responsible for the conduct of his police affairs is to show Mr. Wu and others in Canton that his dictatorship must be respected. General Chiang Kai-shek has been a champion for administrative efficiency always but, it is said, has never been satisfied with the way the Police have been allowing the strike pickets and labor unions to have all the lawless liberty they desired. Instead of arresting all those having committed murder and assault and battery in accordance with law, the Canton Police, it has been alleged, have been allowing all the guilty to be free at large.

The new Police Commissioner, Lee Chang Tet, took the office by force on instruction of the Military Council only, without awaiting for a commission from the Provincial Council at the recommendation of the acting Mayor, Dr. C. C. Wu. Friends of Dr. Wu in Canton, according to a report, are advising Dr. Wu to resign at the first opportunity also, believing that he will be sooner or later ousted by General Chiang Kai-shek, whose interference with the Police under Dr. Wu's supervision without reference to him is regarded by many as an insult to and lack of confidence in him.

The movement of Wu Te Chen, dismissed Commissioner of Police of Canton, who is still retaining his command as commander of the 17th Kuomintang Army Division, is being secretly watched by agents of General Chiang Kai-shek, dictator of the Kuomintang who has also in mind the exclusion of Mr. Wu from the military power, according to reports freely discussed among the Chinese interested in Canton politics. Mr. Wu, says one of his friends, will retire from Canton whenever opportunity offers him to do so, Mr. Wu not having been at all pleased with treatment accorded him by the Military Council on April 24, when he was ordered to leave his office as Police Commissioner without delay and without instruction from his immediate superior, the Mayor of Canton. General Chiang, vernacular press hints, has suspected Mr. Wu of having had relationship with the Right, or anti-Red Wing, of the Kuomintang in Shanghai. General Chiang so far has made no other official explanation for Mr. Wu's dismissal than that it was done in accordance with Mr. Wu's desire to give his full time to the development of an efficient army.

The Lee and Yung Clans of Hotong, near Kongmoon, from which Hongkong, before the boycott, used to receive a large quantity of fine-grade vegetables, had a serious conflict since April 23, and the feud of the last few days resulted in the destruction of hundreds of houses and huts, mostly of the Yung Clan. Troops sent to suppress the clan feud subsequently destroyed more village homes.

The Kuomintang Central Executive Committee has again issued instructions from its headquarters in Canton directing all comrades attached to the several Peasants' Leagues in the districts of Kwangtung not to further arrest non-Bolsheviks or in any other way obstruct the administration of justice by lawful authorities. For some time the Peasants' Leagues in the districts organized under the auspices of the Communists, have been conducting themselves as labor unions in the cities.

By a new Kuomintang mandate, the Commissioner for Foreign Affairs at Pakhoi will henceforth be known as Commissioner for Yamchow, Linchow, and Luidchow; and the Commissioner at Hoihao will be known as Commissioner for Foreign Affairs of Kiungchow. Since the resignation of Dr. Lin Tze Fung as Commissioner for Foreign Affairs at Wuchow, his successor has not yet been appointed. In Wuchow, Pakhoi, and Hoihao these days, there is not much foreign interests to protect, it is said; as the boycott of British vessels and other anti-imperialist activities of the labor unions and Kuomintang clubs have reduced trade and missionary enterprises to the minimum.

The management of the Canton-Samshui Railroad in Canton has begun making a survey for the extension of the line from the present position to Kongmoon, an open port in the Szeypa districts on the West River. The surveying party left Fatshan on April 23.

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KIANGWAN ROAD—SHANGHAI

Canton now hears that General Tang Seng-chi, a division commander who succeeded recently in ousting his superior officer, Tuchun Chao Heng-ti, from Changsha, Hunan, has decided to cease siding with the Kuomintang but to join hands with Marshal Wu Pei-fu, the Yangtze warlord whose influence has now extended to Peking.

Vessels now plying Canton and Shanghai, a port now serving as a distributing center for foreign goods going through Canton, in place of Hongkong, have not given satisfactory service, it appears, and the leading trade guilds in Canton have passed a resolution requiring all transportation companies, beginning May 12 to make good all shortage and leakage other than the usual allowance. Importers and exporters at Shanghai have been asked to co-operate in making the shipping agents more careful in the handling of shipments.

The Overseas Department of the Kuomintang in Canton has been advised that annually, some 5,000 or more women are being misled by unscrupulous emigration agencies in the Kwangtung ports to go to the Straits and other South Sea ports for immoral purpose. Upon hearing this, it has been decided to watch all outgoing vessels and question women suspected of being sent abroad for slave traffic. Canton Police now have inspectors visiting vessels before they depart.

As an answer to the repeated refusal of the authorities of Canton Christian College to re-instate the three students they have recently dismissed for misconduct as several times requested by the Educational Commission of the Kuomintang, the radicals of this party, commonly known as Reds, have decided to blockade the college compound, which is located at Honglok, east section of Honam, in an effort to starve out the teachers and students as they had tried to do with the Canton Hospital, which had to close some weeks ago on account of labor tyranny secretly backed by Reds. The Reds, however, may fail to cause the closing down of the Christian College which has the support of practically every student except the few siding with the dismissed. Moreover, a number of Canton citizens still able to reside in Canton against Red persecution has rallied to the College support. During the meantime, students have been cautioned about leaving the compound unnecessarily so as to avoid coming into contact with Red pickets wishing to invite trouble. The saddest thing connected with the controversy and Red attempt to either take over the institution or starve it into submission appears to be that the present attack on the College is directed by one of its graduates and supported by a few workers who have been many years under its employment. The American Consular authorities and American gunboats in Canton are watching the development of the situation while the Alumni Association of the College is also trying to help smooth over matters.

The Kuomintang Commissioner of Labor and Agriculture is mediating on the dispute between the Postmen's Union and the Postal Commissioner in the hope that the general strike in Canton unless their demands relating to furlough and other matters are complied with.

At the same time with the postmen, the employees of the Canton-Hankow, Kwangtung Section, and two other railroads in Canton are demanding higher wages and better service conditions.

On account of difference of opinion regarding the method of inspection along the Canton-Kowloon Railroad, Chinese Section, the management may have to cut off the express train service as at present in operation and revert to the old arrangement, says the Chinese press. The strike pickets searching Chinese passengers going to and from Hongkong appear to have some objection to the present schedule and way of handling passengers connecting the British Section of the line.

A strike and dispute among the lightermen and stevedores at Swatow are interfering with Canton-Swatow traffic which, since the "anti-imperialist" boycott during which Canton-Hongkong shipping has been impossible, has developed considerably direct without transshipment at Hongkong.

The Reds have now brought conflicts into five student bodies in Canton. In Canton Christian College, the Reds, claiming themselves pro-Kuomintang students, are openly agitating for the Kuomintang taking over the institution as a reparation for the recent dismissal of three Kuomintang students for misconduct. The student nurses in Kung Yee Nursing School are being intimidated by the Reds to oppose their American principal. In the Holy Trinity College, the Reds, although few in number, are still able to prevent a smooth relationship between the British teaching staff and the student body. All non-Bolshevistic members of the Arts Faculty of Kwangtung University, unable to stand further insult from their dean, alleged to be an ultra-Red, have resigned. The Red students have organized a student union of their own and published circulars as it is the Students Union of Kwangtung Province.

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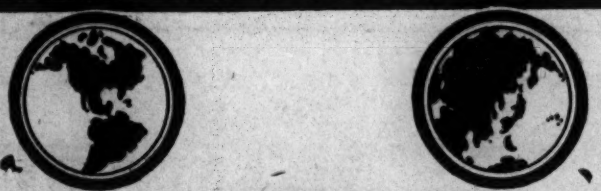
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New Books and Publications

Buddhist Mythology

Buddhist Birth-Stories; By T. W. Rhys Davids; London: George Routledge & Sons Ltd.

Soon after the death of Shakayamuni Buddha legends grew around the life of the great teacher. When Buddhism became the state religion of India, at the time of Asoka the Great, a large number of accounts of the life of Shakayamuni were written to satisfy the taste of the people. Khemendra, a Kashmere poet, wrote an account the one hundred and twenty previous incarnations of the Buddha. The real life of Shakayamuni was transformed into a beautiful legend and embodied into Lalita Vistara, a book of great poetical merits.

The volume under review is an introduction to the birth-stories of the Buddha written in Pali, under the name of Jataka. It is a charming tale of the incarnations of Shakayamuni, thousands of years before his birth in India as Prince Siddhartha. He was then called Sumedha, a Brahmana of deep learning and piety. His parents died when he was still young, leaving him very wealthy. But wealth did not satisfy Sumedha and he started a search for the Truth which gives immortality. Knowing that the Truth could not be obtained by leading a worldly life, Sumedha became a hermit and left the beautiful city of Amravati, in the Northern part of India.

At that time Dipankara Buddha having obtained supreme knowledge was preaching the doctrine of nirvana, accompanied by a large number of disciples. Sumedha came into touch with Dipankara Buddha and served him with a view to obtain the knowledge of Atman from him. Sumedha seeing the unselfish and pure ideal of the Buddha resolved to rise to the supreme knowledge of the Doctrine, enabling mankind to enter the ship of the Doctrine, and so carry them across the Ocean of Going-on, and then obtain his own nirvana. When Dipankara Buddha saw the sincerity of the man he blessed him and predicted that Sumedha would one day be borne in India as Prince Siddhartha, at Kapilvastu, and obtain nirvana after showing the way to millions of his fellowmen.

It is clear from the book that the doctrine of reincarnation now discussed by many in Europe and America is not the doctrine of Buddhism. The Buddha believed in transmigration of the soul. Sumedha, while pursuing the path of a Bodhisattva, was once born as a lion who saw Tathagat plunged in ecstatic trance, and with trustful heart made obeisance to Him.

The also book contains a beautiful account of the life of Shakayamuni Buddha.

This book is written from the point of view of Hin-Yana or Southern Buddhism and is of a great value to students of Buddhism. This is true Buddhism and the translation is well done. This edition has had the benefit of the experience of Mrs. Rhys Davids, who has edited and revised it.

H. P. Shastri

How to Find A Chinese Word

Wong's System of Chinese Lexicography; Y. W. Wong. Commercial Press; 76 pages.

Mr. Wong, editor-in-chief of the Commercial Press, presents an effort to solve the problem of so classifying Chinese characters that they can be found with certainty and speed in the dictionary. Not the least interesting part of his book is the sketch of other attempts that have been made. His system is based on a number-value given to the several strokes that are found at the four corners of each character. Thus each character will fall into a small group readily turned up in a dictionary by number, say 2076 or 9304. The method of stroke identification would require some little study, though much less than the usual night mare of learning the 214 radicals, and only use could determine the complete accuracy of the method. But it is much to be hoped that a sufficient number of students will investigate and try out Mr. Wang's suggestions. All readers of Chinese will welcome any advance in the solution of the problem of the convenient use of the Chinese dictionary.

J. W. Nichols,
St. John's University.

The Week in the Far East

There has been practically no fighting during the week under review but, of course, this does not mean that real peace has been achieved. The argument as to who is going to be governor of Hunan province is still unsettled: the Allied and Kuominchun armies have not yet settled their differences; Marshal Wu's forces are still pushing forward in Szechuen; it is still uncertain just how actively the Shansi governor is going to attack the Kuominchun and the status of General Sun Chuan-fang, the Kiangsu chief, in the alignment of forces, is still uncertain. There continues to be talk about a drive northward from Canton, which would threaten Marshal Wu Pei-fu. There has been some fighting. The Allied forces—chiefly Shantung troops—have had some clashes with the Kuominchun around the mouth of the pass at Nankow, where the Allied troops are endeavoring to cut off the retreat of the Kuominchun forces; General Liu Chen-hua has had a little difficulty in re-establishing himself as Governor of Shensi; there has been some skirmishes in Hunan between the troops of Marshal Wu and those of General Tang Shen-chi whom Marshal Wu is trying to oust from Hunan province and there has been a few minor clashes between groups of disorderly soldiers around Peking.

Peking Food Question Grave

It is reported that there has been a marked subsidence of the more active sort of trouble from the soldiers around Peking. However, in spite of the frequent executions of soldiers caught looting, it still goes on—especially in the smaller villages near Peking. It is reported that in the majority of cases, the soldiers who are chiefly the trouble-makers, wear the red and black arm bands of the Shantung troops. Both Marshal Wu's troops and the few remaining soldiers from Manchuria are well-behaved. The outlook for the thousands in Peking is not bright at the moment. The coming of the soldiers, who consumed such quantities of food, and the difficulty of transporting food into Peking because of war conditions, have made it a hard struggle for many to live. Furthermore, unless a crop is planted soon, the future will be gloomy indeed. So many horses and mules have been seized by the soldiers and so much seed has been eaten by the horses that the prospects of getting a new crop planted are slight. The Committee of Safety are taking measures to feed the thousands of refugees who are flocking into Peking.

Wanted: A President

As far as the Central Government is concerned, things are just about where they were a week ago. There is no head of the Government and no Cabinet, though the routine affairs of some of the Ministries, including the Foreign Office, are being carried on by the Ministers or Vice-Ministers. There is no definite indication of an early settlement of the political situation, although constant reports of settlements are heard. At present, it seems that President Tsao Kun, having stepped out, a Regency Cabinet will be formed to carry on with the government until some method can be found for electing a new President or otherwise getting the administration on a more permanent basis. Whether the original Provisional Constitution or the "permanent" constitution of 1923 will be taken as the basis for the Government—or whether any Constitution will be formally selected—is quite uncertain at the present time. Various names are put forward for the next President and head of the Regency Cabinet. Marshal Wang Shih-chen, who has been active in the peace moves and the work of the Committee of Safety, and who is one of the group of Elder Statesmen, is most prominently mentioned for President. Dr. W. W. Yen, who was Premier at the time of the *coup d'état* of 1924 and who has kept himself free from definite affiliation with any of the political parties, is chiefly talked about for Regency Premier, though two other ex-Premiers, General Chin Yung-peng and Mr. Liang Shih-yi, are also mentioned. Marshal Wu Pei-fu has repeatedly urged M. Yen to accept the Premier post and to organize a temporary Cabinet, but the latter has steadfastly refused. It is also understood that Marshal Chang Tso-lin had objections to the Yen Cabinet being formed.

Chang and Wu Have Different Ideas

Latest reports state, however, that Marshal Wu Pei-fu has reached an agreement with Marshal Chang Tso-lin as to the settlement of the political situation by the Premiership as interim by Dr. W. W. Yen as the first step. The next step is expected to be a general offensive by the Mukden Army against the Kuominchun. Marshal Chang Tso-lin's airplanes are making scouting flights over Kalgan, the headquarters of the Kuominchun are located at present.

General Chang Hsueh-liang, Marshal Chang's son, is again in Peking with the object of discussing with leaders of the Chihli faction the appointment of General Li Ching-lin as Premier. Thus we have two conflicting reports as to the future Premier. Mukden leaders, says this latter report, take the stand that the resignation of Marshal Tsao Kun



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Chungking	Nanking	Tsingtao
Dairen	Nanning	Weihaiwei
Foochow	Newchwang	Wenchow
Hangchow	Ningpo	Wuchow
Hankow	Pakhoi	Wuhu
Harbin	Peking	Yochow
Hoihow	Port Arthur	Yunnanfu
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from the Presidency was his individual act and has nothing to do with the restoration of the so-called constitutional regime. Since Dr. W. W. Yen declines to serve as Premier of a Regency Cabinet, it is contended in Mukden circles that the best was out of the constitutional tangle is to entrust General Li Ching-lin with the formation of a stop-gap Cabinet. But whether Marshal Wu will agree with this solution remains to be seen.

Editor Distrusts Militarist's Motives

"There is an atmosphere of unreality about the proposals of the Fengtien and Chihli militarists for the solution of the present crisis," states the *Peking & Tientsin Times* (Tientsin), editorially, "that is very discouraging to those who had hoped that past experience would have taught both Marshal Chang and Marshal Wu the futility of relying on Constitutions or Parliaments in extricating this country from its present chaos." This writer then criticizes Marshal Wu's attitude in insisting upon the restoration of the Constitution and his gathering around him of "political parasites" and "rascals" of the same stripe as those who elected Tsao Kun to the Presidency at "\$5,000 per vote." He continues:

"Marshal Wu Pei-fu's political failures in the past have been due mainly to his shirking of responsibility at the critical moment and to his apparently incurable habit of surrounding himself with advisers and 'political parasites' of the very worst type. On the few occasions on which he has selected, or permitted the selection, for Cabinet posts, of really able and honest Chinese, he has either bullied and censured them at the behest of his parasitic advisers, or withheld his support from them when it was most needed, and might have kept them in office. He permitted the rascally Wu Ching-lien, who now appears to have rejoined his entourage, to drive Dr. Lo Wen-kan out of office, and to bring about the resignation of President Li Yuan-hung. Until he can rid himself of the evil influences that still surround him, no decent and self-respecting Chinese is likely to assume office in any Government that must rely upon him for support.

"It is difficult for the onlooker to understand why, instead of bickering over fictitious Constitutions, and the reinstatement of corrupt legislators, Marshal Wu Pei-fu does not suggest a conference between himself, Marshal Chang Tso-lin, Marshal Sun Chuan-fang, and other leading militarists with a view to securing a definite agreement regarding the establishment of a new provisional administration, and ensuring it, when formed, of their full support. For it is obvious that no Government can exist for a day without military backing, and the pretence that constitutional government can be restored under existing conditions will deceive no-one. The past practice of the Northern militarists of pitchforking their nominees into office, and then allowing them to shift for themselves as best they can, and confining their activity to extorting funds from Peking, has proved disastrous in every instance. The militarists to-day appear to us to be confronted with two alternatives only. Either they must install a Cabinet of their own choice, and compel it to carry out their orders, or they must agree upon the personnel of the new Cabinet, pledge it their unconditional support, and recognize its authority. The latter plan would be the more desirable in many respects, but does not appear feasible at this juncture. For years past the militarists have been engaged in destructive activities. It seems time that they endeavored to do something really constructive for their country, and, abandoning the pretence that they are disinterested parties, boldly assumed the responsibility for governing the country until administrative reorganization has reached a point at which constitutional methods can be adopted with reasonable hope of success."

Chinese Uneasy As to Tariff Confab

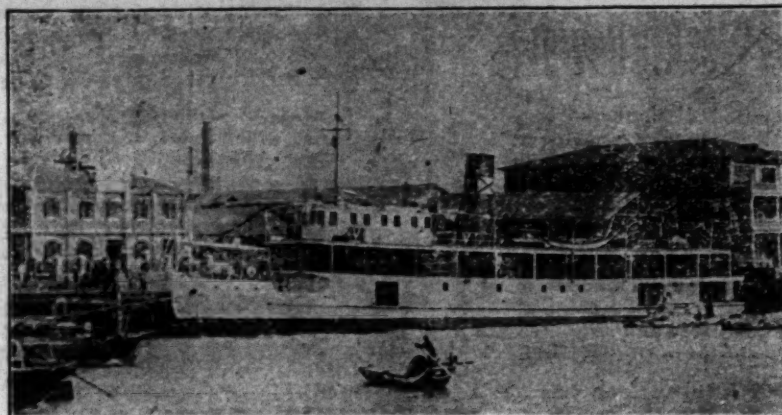
It is reported that fearing the possible break-up of the Customs Conference, several Chinese leaders have considered plans for its perpetuation. It seems that a rumor became current in Chinese circles that some of the foreign delegates were getting uneasy at the failure of the Chinese to form a government which might appoint delegates for the Conference. It is the view among the Chinese that the foreign delegates should bear with China at the present time, keeping in mind the main purpose of coming to an eventual agreement. According to a report in the *Peking Daily News*, a break-up of the Conference would be looked upon as most unfortunate both for China and the Powers and there is every indication that such a step will not materialize.

Despite the fact that Dr. W. W. Yen and Admiral Tsai Ting-kan appear to be the only two original Chinese delegates to the Conference left in Peking, all of the military leaders have intimated to the foreign Powers that they favor the continuation of the Conference. Even Wu Pei-fu's faction is reported to have given its sanction, which is in contrast with his declaration made at the opening of the Conference, that he would not recognize any action taken by it.

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GENERAL NEWS SUMMARY

May 8—Lord Oxford and Asquith both criticise the strikers and the mine operators for their firm stand in the nation-wide strike—British delegation, headed by Lord Robert Cecil, leave for Geneva in spite of the strike to attend League of Nations confab—A gigantic merger of German steel works, with a capital of 800 million marks, is announced—The U.S. Federal Grand Jury has indicted Henry Daugherty, former Attorney-General, and Thomas Miller, former Alien Property Custodian, of conspiracy in connection with the disposal of the property of the American Metals Company—Following failure of the peace negotiations, the French airmen today heavily bombed the Riff positions—"Humiliation" day passes quietly in China, with only minor disturbances.

May 9—British strike situation appears to be improving although the climax is yet to come—The peace negotiations in Morocco have completely broken down and war has recommenced—The health section of the League of Nations at its last meeting revealed much satisfactory work done in the Far East—The Japanese Government is giving a subvention to the Hanyehping mines to keep them operating—News from Peking remains confused; there is further talk of Dr. W.W. Yen forming a Cabinet—The Rt. Rev. H.W.K. Mowll has been appointed Bishop of Western China.

May 10—The latest news concerning the strike in Britain shows that while the situation is unchanged in England, there has been some improvement in Scotland—London was greatly astonished by processions of wagons laden with flour escorted by armored cars and calvary—The American aviator, Lt. Byrd, has achieved his flight to the North Pole from Spitzbergen—It is reported that Comarade Kopp, the Soviet Ambassador to Tokyo, will shortly leave for Moscow—While celebrating the fete of St. Jeanne d'Arc, a collision occurred in Paris between the Royalists and the police, resulting in more than 100 police being injured—Dr. W.W. Yen has circulated a message to the provinces pointing out China's most urgent need for reform—Marshal Feng Yu-hsiang, the Christian General, has arrived in Moscow.

May 11—Both sides are claiming that everything is all right in the general strike in England—The appeal of the Archbishop of Canterbury for peace, which the British Broadcasting Co. refused to publish will shortly appear in the British "Gazette"—The committee appointed to consider the constitution of the Council of the League of Nations has pronounced against modification of the covenant of the League—The Mixed Court in Egypt has given judgment in a suit brought by the widow of an American Ex-Senator for political services rendered by her husband to the Egyptian Government—The Japanese Emperor is reported to be improving after an attack of cerebral anaemia—The Spanish engaged on a flight to the Philippines have arrived at Aparri and expect to reach Manila to-day—President Coolidge has congratulated Lieut. Byrd on his Polar Flight—Long distance telephone service between Shanghai and Nanzhang, Woosung, Soochow and Wusih is opened.

China's Fourth Nat'l Athletic Meet Cancelled

Athletics in China received another serious blow when it was announced recently that the Fourth National Meet to be held at Canton has had to be cancelled on account of the civil war in the North, which prevented North China from sending down delegates. Last week, there was the calling off of the East China Inter-middle school track and field meet at Nanking because of the martial law prohibiting public gatherings in that city, sport meets included. Now comes the news that the National Meet has been abandoned because of militarist upheavals around Peking.

At a meeting of the Board of Governors of the C. N. A. A. F. last fall, it was decided that the fourth National Athletic Meet is at hand this year, as in the case of the Chinese Baseball Club, and C. T. C. affairs will be managed by a committee as before.

Should the Shanghai Law Tennis Association accept the Chinese Tennis Club as a member, the Club's players will meet better competition than last year, which will do much towards the original purpose of the club.

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WINIFRED MILDRED HAYES, Plaintiff, Cause No. 2773
vs Civil No. 1105
JOHN HENRY HAYES, Defendant. SUMMONS

The President of the United States of America

To the United States Marshal for China and his Deputies—
GREETING:

You are hereby commanded to serve this Summons and a copy of the complaint in the above entitled action upon the defendant

JOHN HENRY HAYES

and to notify him to be and appear before this Court on or before the sixtieth day after service hereof to file his written answer on oath.

(SEAL) WITNESS the HONORABLE MILTON D. PURDY, Judge of the United States Court for China, at Shanghai, China, May 7, 1926.

L. T. KENAKE
Assistant Clerk.

Excerpt from Regulations, Section 8: On proof of due notice, judgment by default shall be procured against any defendant failing to appear and file his written answer as required.

From the Chinese Press

The following news items pertaining chiefly to Chinese affairs are taken from the reports of the (Chinese) Kuo Wen News Agency and the (Japanese) Toho News Agency.

Peking, May 4.—The Government schools are now in a serious financial crisis. The future revenue of the Peking Government University procured from the tutitions of the students has been mortgaged for loans to meet its immediate expenses. The professors and officers of this institution have only received three dollars each since April 1.

Peking, May 5.—Mr. Peal, British Delegate at the Tariff Conference, has left Peking for his home in England because of pressure of private business. As Mr. Peal is a financial expert whose connection with the Tariff Conference is of great concern, it is considered here that his departure from China is a further indication of the cool attitude on the part of the foreign powers' delegates towards the conference.

Shanghai, May 4.—According to a reliable report, General Chao Hung-ti, ex-Civil Governor of Hunan, who was ousted by General Tang Sun-tse, has secretly returned to Shanghai from Japan. It is understood that he desires to be reinstated to his former position in Hunan.

Kaifeng, April 30.—Rumor is prevalent that Marshal Feng Yu-hsiang, the Christian General, has secretly arrived at Shensi and is staying at a foreign missionary's house at Sianfu. It is said that he has reached an understanding with the local militarists that in case they should start military operations against Marshal Wu Pei-fu from behind, he would be ready to assist them financially. Marshal Feng is believed to be in possession of \$30,000,000 and is aiming at a southern expedition to the Yangtze Valley.

Peking, May 4.—The Chinese Government and Aviation Bureau has notified the Japanese Legation that they would permit and welcome the projected flight between Shanghai and Tsingtao by Japanese aero-boats of the Sasebo Aviation Corps.

Peking, May 6.—Dr. V. K. Wellington Koo, former Minister of Foreign Affairs, arrived here yesterday to call on Dr. W. W. Yen. Dr. Yen told him that he is not inclined to accept the post of Premier and that he wishes to leave China for Great Britain.

Tokyo, May 6.—The death is announced of K. Suzuki, Parliamentary Secretary of Education, at the age of 60.

Peking, May 6.—As a result of several conferences held between Marshal Chi Hsieh-yuan and General Chang Hsueh-liang, it has been decided that Dr. W. W. Yen be urged to resume his post first before he should recommend Mr. Sun Pao-chi to be his substitute. General Chang Hsueh-liang denied the report that the Fengtien Party had any understanding in the past with the Chihli Party as regards the question on constitutionalism.

Hankow, May 5.—The vanguard of General Yeh Kai-hsin's men have entered the city of Chuchow, while the troops of Generals Chiang Chuou, Ziu Wen-ping and Chow Yao-ping, now chasing the remnants of General Tang Sun-tze in three directions, are expected to attack Hungyang from Hsiangtan and Hungshan. Two divisions of troops under Gen. Ho Yao-chu and Gen. Liu Yin have been moved under the direction of Gen. Yeh by river launches from Changteh and Lichow and shall concentrate in Changsha and Hsiangtan, where they will take charge of the second defensive line.

Canton, May 5.—Comrade Borodin, an emissary of the Soviet Government, who arrived here a few days ago with Mr. Ru Han-min, has been appointed advisor to the Political Committee of the Canton Government. It is reported that Comrade Borodin will shortly be promoted to supreme advisor to the Canton Government.

Hankow, May 6.—Marshal Wu Pei-fu, General Chen Chia-mo, Tupan and concurrent Civil Governor of Hupeh, General Ku Yin-chi, Tupan of Honan, and General Chin Yun-ao, Civil Governor of Honan, have dispatched a joint telegram to Peking, urging Dr. W. W. Yen to take his post at the Regent Premier as soon as possible.

Hankow, May 6.—The troops of General Yih Kai-hsin have entered the city of Hsiangtan, as Gen. Tang Sun-tze's men had retreated from there on May 3.

Peking, May 7.—Dr. W. W. Yen is prepared to take the post of Regent Premier. Marshal Sun Chuan-fang, in a telegram to Peking, recommended Mr. Yang Wen-kai and Mr. Chang Chien, Jr., as candidates for cabinet ministers.

Peking, May 7.—The Kuominchun troops have been re-organized into seven armies, one army comprising two divisions, with General Chang Chih-chiang as Commander-in-Chief. The 1st Army is under the command of General Lu Chung-ching, the 2nd Army under the command of General Sung Che-yuan, the 3rd Army under the command of General Li Mei-chung, the 4th Army under the command of General Cheng Chin-sheng, the 5th Army under the command of General Men Chih-chung, the 6th Army under the command of General Shih Yu-san, and the 7th Army under the command of General Liu Yu-fun.

Tokyo, May 7.—Fighting started on May 4 in the district of Tatung between the Kuominchun and the Shansi troops. Reports state that war conditions are favorable for the Kuominchun.

Foochow, May 9.—"Humiliation Day" was observed here today by several hundred students and workmen, who staged a demonstration but dispersed in a few hours without any untoward incident. Most of the Chinese shops were open in the Native City as usual.

Mukden, May 9.—In response to Marshal Chang Tso-lin's telegram that in view of the present difficult situation the problems regarding the Central Government will be left in the hands of Marshal Wu Pei-fu in order to avoid further complications, Marshal Wu Pei-fu has wired to Marshal Chang Tso-lin stating that as it was very dangerous to leave the controversy unsettled, the Constitution should be immediately restored, thereby appointing a Chief Executive, and that Dr. W.W. Yen's Cabinet should be realized.

Tientsin, May 8.—General Li Ching-lin, has declared that while Bolshevism is the worst evil, another root of calamity is the overabundance of soldiery and urged the necessity of reducing the number of troops. He stated that he has already abolished six brigades of his troops and that leaders of other troops should follow suit forthwith.

Peking, May 8.—Warfare against the Kuominchun on the north of Chihli and Shansi has made no progress. The city of Tatungfu, which was rumored to have been attacked, is as peaceful as ever. General Yen Shih-san, Civil Governor of Shansi, still says that he will not attack anyone if he were not attacked. The report that he asked for reinforcements is unconfirmed.

Hankow, May 9.—Mr. Wang Loon-chung has been appointed by General Yeh Kai-hsin as Pacifying Commissioner of South Hunan for the purpose of gathering and reorganizing the remnants of General Tang Sun-tse's troops.

Peking, May 10.—A judicial inspection party consisting of delegates to the Extraterritoriality Investigation Conference for Japan, Britain, United States, France, Italy, Belgium and China left Peking this afternoon for Hankow by the Kin-Han line enroute to Shanghai.

Peking, May 10.—The Peace Preservation Committee, at the instance of various quarters and in view of the fact that Dr. W. W. Yen's Ministry has been definitely decided to be brought into existence in two or three days, has once again postponed its dissolution.

Tokyo, May 10.—It is reported that Comrade Kopp, the Soviet Ambassador to Japan, will shortly return home in order to confer with the Moscow Government on Russia's Far Eastern policy, as a sequel to the failure alleged to have been made by Ambassador Karakhan in Peking.

Peking, May 10.—The Chinese Charge d' Affairs in Moscow has wired to the Waichiaopu, reporting that General Feng Yu-hsiang arrived in Moscow on May 9.

The Chinese Students' Monthly

The March issue of The Chinese Students' Monthly is termed the "Railroad Number" and contains a wealth of interesting and instructive material on the railway problem in China. Among the articles all of which show a keen insight into the railway situation in China are "Dr. Sun Yat-Sen's 'Railway Program'"; "Mr. Tsen Sou Pan's Proposed Railway System"; "Minister Yeh Kung-Cho's Railway Program"; John Earl Baker, well-known railway expert and advisor to the Ministry of Communications, contributes an article on "Construction Prospects on Chinese Railways." Other writers including Sze Cheng, P.H. Ho, W. E. Mao, Chan Yuen Tu and K.Y. Chen are represented in articles dealing with various phases of railway engineering and construction and maintenance. The Chinese Students' Monthly is published in Detroit, at 155 Sibley Street.

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American Gold Bond Quotations

Name or Security	Coupon Rate %	Date of Maturity	Sale Price April 29th.	Sale Price May 6th.	Yield Approx. to Maturity May 6th.
Szecho-Slovak Gov't. Sinking Fund Loan...	8	Oct. 1, 1952	101½	101½	7.85
Cuban Domin. Sugar Co. 1st Lien S. F. Loan...	7½	Nov. 1, 1944	99	98½	7.65
Republic of Chile S. F. Loan	7	Nov. 1, 1942	101½	101	6.90
Argentine Government Ser. "A"	6	Sept. 1, 1957	98½	99	6.05
German Government S. F. Loan	7	Oct. 15, 1949	103	103	6.75
Kingdom of Norway S. F. Loan	6	Aug. 15, 1943	101½	101	5.90
Deutsche Renten Bank 1st Lien Farm Loan	7%	Sept. 15, 1950	97½	97½	7.20
Can. Pac. R. R. Co. Debenture Stock	4	Perpetual	85	84	4.76
Belgian Government S. F. Loan	6	Jan. 1, 1955	85½	84	7.35
Andes Copper Mining Co. Debentures	7	Jan. 1, 1943	99½	99½	7.10
German General Electric Co. S. F. Loan	7	Jan. 15, 1945	98	98	7.20
Saxon Public Works Inc. 1st Mtge. Guaranteed S. F. Loan	7	Feb. 1, 1945	95½	95½	7.40
Cuban Northern RR. Co. 1st Mtge. Loan	6	July 1, 1966	97	97½	6.15
Dodge Brothers Inc. Debentures	6	May 1, 1940	95	94½	6.60
Republic of Haiti	6	Oct. 1, 1952	97½	97½	6.20
Czecho Slovak Government Ext. S. F. Loan	7½	Oct. 1, 1945	98	97½	7.75
Kingdom of Italy, Ext. S. F. Loan	7	Dec. 1, 1951	94½	94½	7.50

The National City Company International Bank Building
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These quotations are subject to confirmation by the
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Weekly Cotton Market Report

By J. Spunt & Co.

China Cotton:—Our market may be said to have been very quiet during the past week due to comparatively very little demand evolving in the face of heavy stocks, which fact brought about, during the greater portion of the week, a downward tendency, in that prices on the whole show a decline of about Tls. 1.25 per picul lower than that registered during the previous period. At the close, in consequence of the sharp reaction in Mid-Americans and Indians, our market responded in sympathy. Fluctuations during the week have been most erratic and nervous.

Viewing the situation broadly, having in view the present reticence on the part of consumers, and the bearish sentiment prevalent in general, no considerable rise is to be anticipated in the domestic staple in the immediate future, but we cannot encourage our friends to follow the Bears too far at the moment, and would favor making purchases in weak markets and selling on any spurt.

Yarn:—While our market during the early part of the week intimated a weaker tendency, a somewhat firmer undertone ensued at the close, which is attributable to the firmness evincing in the raw material. Business for export has been booked some 7000 to 8000 bales in all counts during the week under review.

Liverpool:—

American-Middling 9.98
American-Middling last reported..... 10.00

Tone of market, *Steady*.

New York Market:—

Price of Mid-Amer. 19.35 Spot.
18.61 July.
17.68 Oct.
17.50 Dec.
17.43 Jan.
17.63 Mar.

Tone of the market:—*Firm*.

Indian Market:—

Fully Good Bengal, May. 243
Fine Oomra, May..... 306
Fully Good Broach, May. 336

Tone of the market:—*Firm*.

Shanghai Market:—

Ts.
Tungchow, spot ex wharf 30.00
Shanghai, Spot..... 29.25
M. Ginned, Spot..... 29.40
Shensi, No. 1 Spot..... 28.00
Ningpo, Spot..... 72.50

Tone of the market:—*Steady*

Shanghai Exchange for Week Ending Wednesday, May 12, 1926.

By Maitland, Fearon and Brand

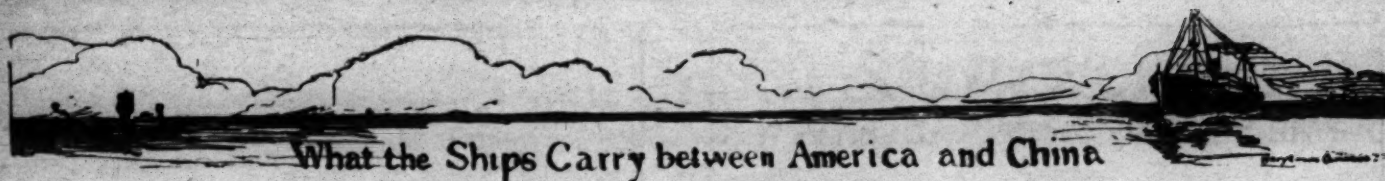
Exchange:—The price of Bar Silver in London has declined ½d. ready and ¾d. forward during the past week, today's prices being respectively 30½d. and 30½d. The official T/T rate on London has during the same period advanced from 2/11½d. to 2/11½d., the highest quotation reached was 2/11½d. on the 11th inst. The exchange market has for the most part been active, but operations have to a very large extent consisted of speculative sales of Yen. It is estimated that our local Gold dealers have established an oversold position of approximately Yen 70 millions. Exchange business in regard to Imports and Exports continues quiet, there is a fair Demand with very little genuine cover offering in the form of Export paper. The market closes quiet and the following rates for Gold remittances near delivery, are available. Sterling T/T 2/11½d., G\$72, Japan 65½. 4m/s Export paper can be placed, Sterling 3/0½, G\$75½.

Our stocks of Silver are reported as follows:—

Sycee and Bar Silver.....Tls. 69,832,000 an increase of Tls. 200,000.
Chinese and Mexican Dollars.....\$ 66,440,000 an increase of \$ 660,000.
Estimated value Tls. 117,668,000 as against Tls. 98,946,000 held at this time last year.

	Average rates for April	Thursday May 6	Friday May 7	Satur. May 8	Mon. May 10	Tues. May 11	Wednesday May 12
Bk's selling rates		opening closing	opening closing	opening closing	opening closing	opening closing	opening closing
T/T London	2/10.799	2/11½	2/11½	2/11½	2/11½	2/11½	2/11½
O/Dfts. "	—	2/11½	2/11½	2/11½	2/11½	2/11½	2/11½
4m/s "	—	2/11½	2/11½	2/11½	2/11½	2/11½	2/11½
T/T India	186.000	198	197½	196½	197½	198½	196½
T/T France	2,077.826	2265	2290	2275	2265	2280	2290
T/T N. Y.	72.288	72	71½	71½	71½	72½	71½
T/T Hong	77.435	76½	77½	77½	77	77	77½
T/T Japan	66.467	64½	65	65½	66	65½	65½
T/T Batavia	176.571	177½	177½	176½	177½	179½	177½
T/T Straits	80.712	78½	78½	79	78½	77½	78½
Bk's buying rates							
4m/s B/L. } Cred. D/A }	2/11.816	3/1½	3/1 3/0½	3/0½	3/0½	3/1	3/0½
4m/s .. D/P }	—	3/1½	3/1½	3/0½	3/1	3/1½	3/1
4m/s .. D/A }	30/1.49	3/1½	3/1½	3/0½	3/1½	3/1½	3/1½
4m/s B/F. } C., D/A, D/P }	1,165.174	2380	2040	2375	2365	2380	2390
4m/s N. Y. LC. }	72.402	75	74½	73½	73½	74½	73½
4m/s, Does }	—	75½	74½	73½	74	74½	74

Based on Daily Official quotation higher rate taken on rising Market, lower when falling. Bullion.	May 6	May 7	May 8	May 10	May 11	May 12
*London Price of Bar Silver per oz (English Standard 925 touch) Pence	30½	30½	29½	30½	30½	30½
**N. Y. Price of Bar Silver per oz. (Pure)	G.\$ 66½	G.\$ 64½	G.\$ 64½	G.\$ 65½	G.\$ 65½	G.\$ 65½
Shanghai Price of Gold Bars (weight Tls. 10 (Chauping) 978 touch).....	30770	31750	31300	30800	31400	31500
Shanghai Silver Bars (weight Tls. 100 (C.) 999 touch)	11100	11100	11100	11100	1110	11100
Shanghai Mexican Dollars per \$100...	71.775	71.7625	71.775	71.9125	71.925	71.80
Native Bank Rate of Interest (Call-money)	5%	4%	5%	5%	4½%	5%
*Closing Price in London for Previous day						
**Closing Price in New York for Previous day						
Bank of England rate of discount	5%					
Bank of France rate of discount	6%					
London open Market of Dis. 3 m/s.	4½%					
" 4 "	4½%					
" 6 "	4½%					
London on Paris	T/T 154.80					
New York on London	T/T 416½					
Bombay on London	T/T 15½					
Hongkong on "	T/T 2½					
Kobe " "	T/T 1/11½					

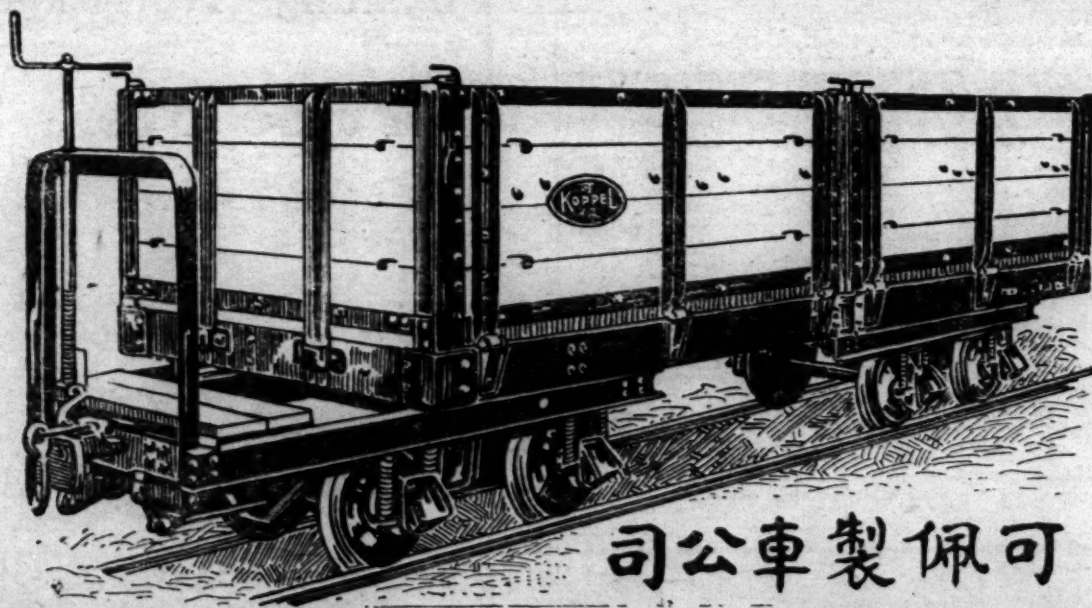


Return of the Shanghai Customs

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<i>S. S. President Van Buren, April 8.</i>			<i>S. S. Korea Maru, April 9.</i>			<i>S. S. President McKinley, April 10.</i>			<i>S. S. Gothic Prince, April 12.</i>		
To Boston.			To San Francisco.			from U. S. of America.			from U. S. of America.		
Silk, Refuse:			Silk Pongees, Honan..	Pis.	0.86	Artificial Silk and Cotton			Waterproof Cloth.....	Yds.	476
Other Ports Bls. 280 Pjs.	350		Intestines, Pigs', Salted	"	11	Piece Goods.....	Yds.	1,198	Iron Bar Ends.....	Pis.	4,927
Antimony, Oxide.....	1,008		'allow, Vegetable....	"	893	Cotton Piece Goods, Un-			" Coated.....	"	401
Hides, Cow.....	30		To Los Angeles.			classified.....	Yds.	1,759	Tobacco, Leaf.....	Pcs.	3,829
Skins, Goat, Untanned	1,486		Tea, Black, Hankow..	"	29	Copper Sheets.....	Pis.	1,664	Leather, Artificial....	Pcs.	46
To Havana.			Oil, Tea.....	"	168	Apples, Fresh.....	"	454	Oil, Lubricating, Mineral	Galls.	35,298
Tea, Black, Congou, other			To New Orleans.			Barley, Pearl.....	"	131	S. S. Gothic Prince, April 12.		
Ports.....	9		Fans, Palm-leaf, Fine..	Pcs.	64,500	Herrings, Salt.....	"	1,467	from U. S. of America.		
Beancurd.....	13		To Charleston.			Flour, Wheat.....	"	1,664	Waterproof Cloth.....	Yds.	1,562
China ware.....	10		Hair, Human.....	Pis.	98	Leather, Patent.....	"	2	Babbit Metal.....	Pis.	25
Olives, Salted.....	10		To Houston.			Milk, Evaporated....	"	534	Iron Pipe Fittings....	"	639
Samshu, Medicated..	20		Hair, Human.....	"	84	Newspapers, Old....	"	435	Iron, Galvanized:		
Turnips, Salted.....	77		To Philadelphia.			Tobacco, Leaf.....	"	105	Wire Shorts.....	"	454
Fans, Palm-leaf,....	Pcs.	8,000	Cotton Rags.....	"	1,004	Motor-cars.....	Pcs.	35	Tinned Plates, Plain..	"	278
Canned Vegetables... Doz.	110		Skins, Goat, Untanned	"	210	Cigarettes.....	Mille	20,500	Ammonia, Sulphate of	"	5,040
To Wilmington.			To Boston.						Carbon, Black.....	"	30
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Antimony, Crude....	252		White, S'hai Bls. 10	"	10 03				Sulphur, Black.....	"	500
" Oxide.....	168		" other Ports.. 210	"	168.00				Tobacco, Leaf.....	"	8,465
" Regulus.....	1,250		Silk, Raw, Filature:						" Prepared.....	"	5
Bristles.....	208		Wild, other Ports,						Motor-cars.....	Pcs.	4
Bamboo Shoots, Salted..	46		Bls. 60.....	"	60.83				Dyes, Aniline Pkgs.		
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